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FRANCE
A political crisis of irresponsiblity
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Weekend FT

Tomorrow: Barry Riley (right) on Tax, Lies and Electioneering – the shameful truth

●

Feasting in Naples: Italy's secret treats

Agnellis may make strategic retreat in Perrier battle

By **Alice Rawsthorn** in Paris and **Haig Simonian** in Milan

ITALY'S Agnelli family may be considering a strategic retreat in its bid to gain control of Perrier, the French mineral water group, because of the increasingly bitter battle that has erupted.

The fight for Perrier is thought to have pitched previous Agnelli allies in the French business and banking establishment against each other and brought to the surface deep personal animosities among some French members of the Agnelli camp. "We never expected all this controversy and excitement," Ifint, the Agnelli investment vehicle battling for Perrier, said in Paris yesterday. "This was meant to be a quiet, friendly association fully supported by the management. We thought it was going to be a very smooth deal. We did not anticipate anything like this."

The Agnellis are anxiously awaiting the outcome of the two court cases in France which, barring a behind-the-scenes compromise, will determine the next stage of the battle. They are concerned with a claim by Nestlé, the Swiss food group, that Perrier's sale earlier this year of 14 per cent of its shares to Saint Louis, the French sugar company associated with the Agnellis, was illegal.

If the courts, which will deliver their judgments this month, rule that the purchase was invalid, Saint Louis will have to give the shares back to Perrier. This means that Exor, whose president, Mr Jacques Vincent, also chairs Perrier would be left to try to stave off Nestlé with just 35 per cent of Perrier's shares.

This could turn the Perrier affair into a repeat of the dramatic bid by Mr Carlo De Benedetti for Société Générale de Belgique in 1988 when the protagonists fought over every share. Unlike Mr De Benedetti, however, the Agnellis could come out with a substantial financial gain even if their ambitions for Perrier fail.

If the court endorses Saint Louis's investment, however, the French stock market authorities may force Exor to mount a public offer for Perrier. The Conseil des Bourses de Valeurs (CBV), one of the regulatory bodies in France, yesterday repeated an earlier ruling that Exor and its allies – Saint Louis and Société Générale, the French bank – should do so.

Exor would then have to decide whether to mount a token bid, or to pitch into direct competition with Nestlé by making a counter-offer.

A token bid appears to be the likeliest option given that, with 49 per cent of Perrier, Exor and Saint Louis could be confident of blocking Nestlé. Legally, according to Ifint, the Exor camp would be able to comply with the SBV's ruling simply by bidding for two thirds of Perrier at the last price paid by Saint Louis, which was FFr1,235 ($228). Given that Nestlé has already offered FFr1,475 for each Perrier share, Exor could make its token bid in the knowledge it would fail.

Trading in Perrier and Exor shares will resume on Monday, but the CBV has instructed all dealings in both stocks be kept under close scrutiny.

Lex .... Page 12

World News

Germany to target telecoms for *privatisation*

The German Finance Ministry has targeted Deutsche Bundespost Telekom, the state telecommunications monopoly, as a prime candidate for privatisation. Such a move would be the most contentious sale of state assets to date.

It would also mean changing the constitution which says operation of the railways and postal service, including Telekom, should come under federal administration. Page 12

Major seeks Ulster talks
British prime minister John Major is to meet Northern Ireland's political leaders following the escalation in sectarian killings in Ulster. Page 12

Row stirs over Crimea
Relations between Russia and Ukraine deteriorated over Russian claims to the Crimean peninsula and a counter-attack by Ukraine over nuclear weapons on its territory. Page 2

Yeltsin issues warning
President Boris Yeltsin of Russia warned of a potential new dictatorship if his reform programme fails, and appealed for support from the international community. Page 2

Military aircraft crash
A US military cargo aircraft crashed into a motel parking lot in Evansville, Indiana, setting buildings on fire and killing at least nine people.

Successor to Haughey
Former Irish cabinet minister Albert Reynolds won a leadership contest to replace Charles Haughey as head of Ireland's governing Fianna Fail party. Page 2

Turkish official shot
Istanbul's state prosecutor was gunned down outside his home in the latest incident of political violence which threatens to derail efforts to improve human rights. Page 2

ANC reconsiders policy
Nelson Mandela, president of the African National Congress, said the organisation would reconsider its policy of nationalisation because of international business opposition. Page 4

Proposal on dam dispute
Czechoslovakia and Hungary are to seek the opinion of European Community experts to help resolve their long-standing dispute over construction of a dam on the Danube river.

Egyptian court ruling
Egypt's banned Moslem Brotherhood has again been denied legal status by an Egyptian court at a time of concern at an apparent upswing in Islamic militancy across the Arab world. Page 4

Clinton under fire
Democrat hopeful Bill Clinton, whose presidential campaign was set back by allegations of adultery, denied new charges that he dodged the draft during the Vietnam war. Page 5

Reactors found unsafe
Ten nuclear reactors in Czechoslovakia, Bulgaria and the former Soviet Union fail to meet safety standards, according to the International Atomic Energy Agency.

Business Summary

Salomon Inc in the red after poor trading result

Salomon Inc, the US securities house reeling from a bond trading scandal, reported a fourth-quarter net loss of $29m because of disappointing securities trading results and a one-time charge at oil subsidiary Phibro Energy.

The figures contrasted with the strong profits increase being reported by many Wall Street businesses. The firm's securities house made pre-tax profits of $27m in the quarter against a loss of $90m a year ago. Page 13

AMERICAN EXPRESS, US financial services group, may face legal action from the organisers of this year's Winter Olympics for allegedly "ambush marketing" the event. Page 12

GATT negotiators are concerned the Easter deadline for completing Uruguay Round talks will be missed as the EC has yet to make alterations to draft accords. Page 3

EUROPEAN Commission merger control experts may allow UK authorities to examine a proposed merger of the brick, clay tile and concrete businesses of Steetley and Tarmac, UK building materials groups. Page 13; Lex, Page 12

KLM Royal Dutch Airlines reduced third-quarter losses to Fl 8.6m ($4.8m) against Fl 213.9m a year ago, thanks to a lower fuel costs and improved productivity. Page 13

CONTINENTAL Airlines Holdings, indebted parent company of the largest US carrier, filed a reorganisation plan with the bankruptcy courts.

FRENCH stock market is trying to stimulate block trading of shares in an effort to recapture business lost to London. Page 2

POWERGEN, UK electricity generator, chose GEC Alsthom, Franco-British engineering group, as the contractor for its 1,360MW combined cycle gas turbine power station in North Wales. Page 6

OLYMPIA AND YORK, Canadian property company, launched an enterprise zone property trust to raise £215m ($387m) from small investors to finance a building in Canary Wharf in London's Docklands. Page 13

OLIVETTI, troubled Italian computers and office equipment group, clarified uncertainty over its 1991 results by a preliminary loss of L290bn ($242m). Page 14

HAFSLUND NYCOMED, Norway's second-biggest listed company, lifted pre-tax profits 26 per cent to NKr1.310bn ($211m) for 1991, and said it planned to spin off shipping operations. Page 14

TENNECO, US conglomerate, reported a fourth-quarter net loss of $28m as its troubled farm equipment business continued to operate in the red. Page 15

ARGENTINA'S anti-inflation strategy suffered a setback as prices rose 3 per cent rise in January. The annual rate of inflation stands at 76 per cent. Page 4

Volcker may advise Russia on economy

By **John Lloyd** in Moscow and **Alan Friedman** in New York

MR PAUL VOLCKER, former chairman of the US Federal Reserve Board, is considering an offer to serve as an adviser to the Russian government on economic and banking reform.

The 64-year-old Mr Volcker, who was chairman of the Federal Reserve between 1979 and 1987, left Moscow on Wednesday after extensive talks with Mr Yegor Gaidar, the deputy prime minister in charge of economic reform, and other members of the reform group.

Speaking from Princeton, New Jersey, where he teaches part-time, Mr Volcker confirmed yesterday that he had discussed the possibility of advising the Russian government, but had not concluded an agreement.

He said he spent 36 hours in Moscow and called the issue of whether he becomes an adviser "very much open".

Mr Volcker said: "We discussed whether and to what extent it would make sense for me to go back and give them some advice. I am considering to what degree it seems useful." He added that if he were to become an adviser to the Russian government it would be on a part-time basis.

In his Moscow meetings with Mr Gaidar and with Mr Georgy Matiukhin, chairman of the Russian Central Bank, Mr Volcker discussed several topics on which he might provide advice. These included the banking system, currency arrangements between the republics of the Commonwealth of Independent States and Moscow's relations with the International Monetary Fund.

Yeltsin sees risk of dictatorship .... Page 2
Volcker back into the public arena .... Page 10

A team from the IMF is due to arrive in Moscow at the weekend to conduct detailed negotiations over the next three weeks with the Russian government on the terms of Russia's entry into the IMF.

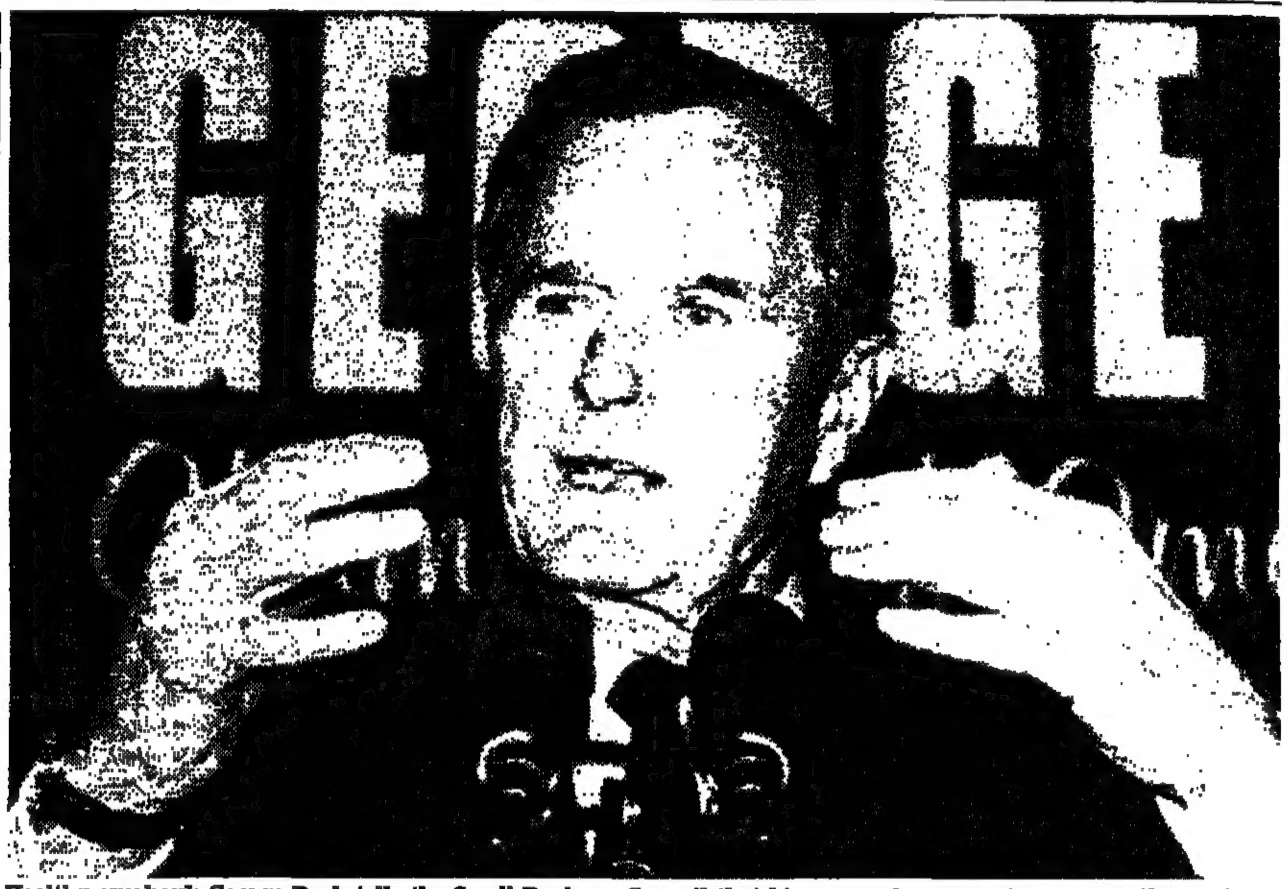
These negotiations are of critical importance to the government, which is looking for a seal of approval for its programme and policies. This is necessary to attract international support.

The recommendations of the IMF team will go to the IMF board in March or early April. Approval from the board could lead to the granting of substantial western aid to stabilise the rouble and to support imports – aid which the government has set at around $17bn.

Both Mr Gaidar and Mr Alexander Shokhin, the deputy prime ministers with responsibility for the economy and social affairs, have in the past week indicated that the budget would be under intense strain because of parliament's decision to cut the rate of value added tax on some commodities and to increase spending on social services.

The IMF team will need to be reassured that the government has control of the budget and of monetary policy before approval is forthcoming.

However, the government has gained a better under-
Continued on Page 12



Healthy overhaul: George Bush tells the Small Business Council that his economic plan will work for all Americans

Bush plans $35bn health package

By **George Graham** in Washington

PRESIDENT George Bush sought to win back the political initiative on health care yesterday with a $35bn (£19bn) package to overhaul the US system.

Mr Bush said he would introduce vouchers and tax deductions, worth up to $3,750 a year for a family of four, to help an estimated 95m low and middle income families buy health insurance.

The president's package drew immediate criticism from the opposition Democrats, who have until now made the political running on the issue.

Mr Bush told a business audience in Cleveland, Ohio: "This is the kind of market-based reform plan that will give Americans the kind of health care they want and deserve."

The plan also proposes to cut the soaring cost of health care, which is expected to rise by an average 12-13 per cent a year for the next five years, by encouraging employers to pool their buying power into "health insurance networks".

It also includes measures aimed at reducing waste and paperwork and at slowing the growth in spending on the government's Medicare and Medicaid health programmes.

Republicans in Congress have already fallen out with the administration on how to meet the estimated $35bn a year cost of the tax vouchers and deductions proposed.

Mr Bush also wants to reform malpractice law to give doctors more protection from being sued by unhappy patients. "It is time to put an end to these astronomical, sky's-the-limit lawsuits," he said. He added: "When you nationalise health care you push costs higher, far higher... The fact is, we do not have to create a new government bureaucracy to deliver quality health care".

Mr Richard Gephardt, leader of the Democratic majority in the House of Representatives, said Mr Bush's proposals were "totally deficient" and would not do enough to contain medical costs. "The Bush health care plan is a Band-Aid approach that will put more money in the pockets of insurance companies and doctors
Continued on Page 12

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■ Battle lines drawn on health care
■ Bush's game-plan is primary concern
■ Boskin silence on fiscal trends speaks volumes

Bank of Japan governor says financial system stands firm

By **Stefan Wagstyl** in Tokyo

MR Yasushi Mieno, governor of the Bank of Japan, said yesterday that the end of Japan's speculative boom, together with the debts the period had left behind, was "very, very unlikely to shake the stability of financial institutions".

Nevertheless, the central bank had to keep a closer eye on financial stability than it did before, he said in an interview with the Financial Times.

Central banks had two goals: price stability and the stability of the financial system. "In the past, previous governors put a little more weight on the maintenance of price stability [than on financial stability]. Under the current circumstances we should attach equal importance to these two objectives".

Page 11
■ Mr Triple Trouble fights his corner
Yasushi Mieno says he will resist outside pressure

In a speech to Japanese businessmen later, he warned the US and Europe against seeking rapid solutions to the problems of slow growth and recession. Group of Seven countries should not resort to short-term policies to promote growth at the expense long-term sustainable growth, he said.

The remarks were seen as a warning to other G7 countries, particularly the US, to avoid hasty cuts in interest rates or increasing public spending to stimulate the economy.

Long-term economic adjustments were often difficult to carry out for political reasons and tended to be postponed, Mr Mieno said, referring to the need for the US to cut its federal deficit. But delay would leave countries prey "to the risk of excessively stimulating their economies". Mr Mieno said although international policy co-ordination was important, each country should pursue its own policies and not rely on other G7 members to make short-term changes in economic management for the benefit of others. "Instead of focusing unduly on short-term growth, we should look at the growth fundamentals."

CONTENTS

The Finns prepare to take another step towards Europe

Finland's president Mauno Koivisto is today expected to announce support for his country joining the European Community. An application by mid-March would allow Finland to join Sweden and Austria in parallel entry negotiations.
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MARKETS

STERLING
New York lunchtime:
$1.82
London:
$1.8165 (1.8075)
DM2.87 (same)
FFr9.76 (9.7825)
SFr2.58 (same)
Y228.25 (227.5)
£ index 91.2 (91.1)

GOLD
New York Comex Feb
$357.4 (357.3)
London:
$355.4 (353.85)

N SEA OIL (Argus)
Brent 15-day Mar
$NA (18.50)

Chief price changes yesterday: Page 15

DOLLAR
New York lunchtime:
DM1.5765
FFr5.3745
SFr1.408
Y125.65
London:
DM1.5795 (1.588)
FFr5.3725 (5.4125)
SFr1.409 (1.4155)
Y125.7 (125.8)
$ index 62.3 (62.4)
Tokyo close: Y125.4

US LUNCHTIME RATES
Fed Funds: $4\frac{1}{16}$%
3-mo Treasury Bills: 3.901%
Long Bond: $103\frac{1}{16}$
yield: 7.723%

STOCK INDICES
FT-SE 100: Yield 4.85
2,534.3 (−12.8)
FT-A All-Share:
1,213.83 (−0.4%)
FT-SE Eurotrack 100:
1,138.76 (+0.05)
New York lunchtime:
DJ Ind. Av.
3,258.27 (+0.67)
S&P Comp
413.62 (-0.22)
Tokyo: Nikkei
22,104.92 (+168.55)

LONDON MONEY
3-month Interbank:
$10\frac{9}{16}$% ($10\frac{19}{32}$%)
Life long gilt future:
Mar $97\frac{7}{8}$ (Mar $97\frac{29}{32}$)

EC move on state aid angers France

By Andrew Hill in Brussels

ANOTHER rift has opened between the European Commission's competition authorities and the French government, which has complained to the European Court of Justice about Brussels' attempts to glean more information on the financing of state-owned manufacturing companies.

The Commission wants to receive annual reports on financing state-owned manufacturing companies to help it identify illegal government subsidies. The French complaint has surprised Sir Leon Brittan, the competition commissioner, who said last summer when the new reporting system was announced that he had already won round the more sceptical member states such as France and Italy.

A French official said yesterday that Paris objected both to "the form and the substance" of Sir Leon's initiative. He added that as far as he knew the government had not yet responded to Brussels' initial request for back-copies of the relevant companies' balance sheets and profit and loss accounts for 1989 and 1990.

The system was introduced in the form of a Commission communication last October, which France believes should have been presented to member states for approval. The French government is also concerned that the change might discriminate against publicly-owned companies, which have to provide more information than private companies.

The EC treaty says the Commission should leave the question of the best form of company ownership to member states. But Sir Leon argues that state and private companies can only be treated equally if a more systematic approach to the reporting of aid to state companies is introduced.

Brussels competition officials are now concerned that the transparency of French government support for state-owned industry might be further muddied by plans to merge some of the country's most important state-controlled technology companies.

● Mr Jacques Delors, president of the European Commission, has written to Mr Giulio Andreotti, the Italian prime minister, to urge him to accelerate the process of transforming EC single market legislation into Italian law.

The Commission said it was not the first time Mr Delors had felt it necessary to chide Italy, which has been a notable laggard in enacting EC directives.

French try to recapture stocks trade

By Alice Rawsthorn in Paris

THE French stock market is taking action to try to stimulate block trading – the buying and selling of large numbers of shares in the same company – which may eventually lead to the introduction of market makers.

One of the main problems for the French market is the drift of block trades – large deals worth between FFr20m ($3.69m) and FFr50m – away from Paris to London. Most traders attribute this to disclosure rules in Paris, where regulations were designed to protect private investors. This makes the market less flexible than that of London.

Last year the Conseil des Bourses de Valeurs (CBV), the regulatory body, commissioned a study into block trading from a committee led by Mr François Bacot, the managing director of Bacot Allain, the Paris broker owned by SG Warburg, the London-based securities group.

The Bacot report was studied by the CBV which said that it intends to take immediate steps to make the French market more flexible.

These measures include allowing brokers to take positions on shares by using confidential codes, rather than by giving their own names, and greater flexibility in the disclosure of prices. Until now one of the main deterrents for block traders in Paris has been that they had to identify themselves and the price of the deal. By contrast in London, traders are allowed some discretion in the handling of large share deals.

The CBV has also commissioned a study into the feasibility of introducing market makers to fix prices for shares in France.

These changes should, or so the CBV hopes, help to stem the flow of block trades from Paris to London and recapture at least part of the business lost over the years. However, it warned yesterday that its initiative would be futile unless the French government agrees to abolish the tax on securities dealings.

Yeltsin raises spectre of new dictatorship

By Ian Davidson in Paris and Quentin Peel in Bonn

RUSSIA'S President Boris Yeltsin yesterday warned of a new dictatorship if his government's reform programme should fail, and appealed for the support of the international community.

Mr Yeltsin, who is on a three-day state visit, has been lavished with ceremonial honours by the French government, which will grant Russia a FFr2bn (£200m) loan to buy cereals, as well as a FFr1.5bn line of credit to import industrial goods.

However, he warned: "If Russia fails in its reforms, notably its economic reforms, a dictator will appear. Now neither Russia nor the international community can permit the appearance of a dictator. That is why the international community must contribute to the solution of the problem.

"I have confidence in our reforms, which are irreversible," said Mr Yeltsin. "But, if they fail, I can feel already on the back of our necks the hot breath of those who wear red shirts and brown shirts".

The prospects for new injections of western aid are not good, however. Chancellor Helmut Kohl said yesterday that Germany had reached the limit of its capacity in providing finance for the recovery of eastern Europe and the former Soviet republics.

However, he is convinced that it is essential to provide more large-scale assistance to the ex-Soviet republics, while linking it directly to control of nuclear and chemical weapons, and the observance of all existing disarmament treaties.

In an interview with Handelsblatt, the German business newspaper, and the Wall Street Journal Europe, the German leader argued more forcefully than ever that it was up to other countries in Europe, but also in particular Japan, to share the burden of helping the ailing east European and ex-Soviet economies.

● An Ecu500m loan to the former Soviet Union to pay for food imports, held up since last November, is expected to be finalised within a week, EC officials said yesterday, Richard Waters writes from Luxembourg.

The loan had been delayed by confusion caused by the collapse of the Soviet Union, Mr Karel van Miert, EC commissioner responsible for investments, said yesterday.

The position has been resolved by the issuing of a guarantee by the Russian republic to back the loan. As a result, the entire Ecu500m would be lent to Russia.

● Relations between Russia and Ukraine deteriorated yesterday over Russian claims to the Crimean peninsula and a counter-attack by Ukraine over nuclear weapons located on its territory, writes Chrystia Freeland in Kiev.

The Crimea always a source of tension between Moscow and Kiev, was yesterday the subject of a resolution passed by Ukraine's parliament which criticised Russian legislation examining the validity of the 1954 transfer of Crimea to Ukraine.

Ukraine's President Leonid Kravchuk later asserted that there was no reason to hold a referendum on independence in the Crimea. Local activists began collecting signatures for a referendum this week.

He also countered a statement by Mr Yeltsin earlier this week about nuclear weapons located in Ukraine.

Contrary to Mr Yeltsin's statement in the Russian press, Mr Kravchuk said that only half the tactical nuclear weapons had been removed from Ukraine and that not all strategic nuclear weapons had been taken off alert.

He criticised Mr Yeltsin for speaking on behalf of Ukraine.

Parents on parade: Soldiers of the 7th British Armoured Division, the "Desert Rats", present their "Gulf babies" nine months after returning from war. Normally their base at Fallingbostel, Germany, sees 12 births a month. But in December there were 60, in January 77 and another 40 are expected this month.

SPD blocks tax reforms

By Quentin Peel in Bonn

THE German government's tax reform package looks set to collapse after the failure of long negotiations with the parliamentary opposition. The package includes cuts in corporate tax, higher family allowances, and a one point increase in value added tax from 1993.

Hopes of persuading at least two Social Democrat-ruled states to break ranks and support the package next week in the SPD-dominated Bundesrat, the German upper house, faded yesterday after the failure of a conciliation committee to find a compromise.

The deadlock between the Christian Democrat-led governing coalition and the SPD means that the tax amendment package is almost certain to be rejected in the Bundesrat next week, and therefore to be abandoned.

Mr Theo Waigel, the finance minister, accused the SPD yesterday of "frivolous and completely irresponsible" tactics in opposing the package, and promised that he would bring the same proposals back to parliament by April. That will coincide with state elections in Schleswig-Holstein and Baden-Württemberg, two key polls whose proximity almost certainly reinforced the deadlock.

Even if he does then succeed in dividing the SPD, the amendments would be unlikely to become law before the autumn.

The key issue is the VAT increase, from 14 to 15 per cent, which the SPD rejects as anti-social and inflationary. Mr Waigel insists that Germany is committed to the increase by the European Community, which has set 15 per cent as the floor.

The stand-off on VAT has blocked the other proposals in the package, including an increase in child allowances from DM50 to DM70 a month and a series of enterprise tax cuts, such as a large increase in the tax threshold for company property tax, and a similar increase in the threshold for the tax on trading profits.

The other key area hit by the deadlock is the transfer of resources from the wealthy western states to the east. The entire yearly proceeds of the VAT increase, DM10.4bn in 1993, were to be devoted to the German Unity Fund. In addition, structural funds for infrastructure projects in poorer western regions were to be transferred entirely to the east.

The Confederation of German Industry accused the SPD-ruled states of "fiscal egoism," in blocking a tax package designed to make Germany more attractive to foreign investors.

Mr Karlheinz Blessing, secretary general of the SPD, accused the government of failing to observe social equality and fair burden-sharing in the tax package, favouring business at the expense of the lower-paid.

NEWS IN BRIEF

Denmark will bring forward CFCs ban

DENMARK'S environment minister, Mr Per Stig Moller, said yesterday that chlorofluorocarbons (CFCs) would be banned in the country from 1995, five years earlier than planned, writes Hilary Barnes in Copenhagen.

His statement follows reports this week that the ozone layer over Scandinavia is exceptionally thin this winter. The Energy Agency yesterday advised Danes spending a lot of time out of doors this winter to use protective cream against the risk of sunburn.

Eta blamed for Madrid blast

The Basque terrorist group Eta was blamed for a bomb that destroyed a military van in Madrid yesterday killing the five occupants and injuring seven bystanders, writes Tom Burns in Madrid.

The blast followed a string of police successes against Eta in the Basque country including numerous arrests and the uncovering of a large extortion ring funding the gunmen. It also followed a demonstration in Bilbao, the main Basque city, last weekend that drew tens of thousands in the biggest anti-Eta turnout to date.

US builds offices in Warsaw

Golub and Co, a Chicago-based property development company working with Epstein International, a US construction company, have started work on a new $15m office building in Warsaw funded in part by the International Finance Corporation, a World Bank affiliate, writes Christopher Bobinski in Warsaw. The project, which should make 113,000 square feet of office space available next spring, will ease Warsaw's acute office space shortage.

Golub and Epstein will also start work soon on a larger 750,000 sq ft office building in Warsaw costing $120m.

● RJ Reynolds Tobacco is to build a $33m factory just outside Warsaw with an annual capacity of 8bn cigarettes.

Talks agreed by Bosnian leaders

By Laura Silber in Belgrade

LORD CARRINGTON, the European Community envoy, yesterday said the leaders of Bosnia-Hercegovina, the central republic, had agreed to hold an EC-brokered conference in an attempt to dilute rising nationalist tensions.

After talks in Sarajevo, the capital of Bosnia, Lord Carrington said Slavic Moslem, Serb and Croat leaders had agreed to his proposal for a conference among the republic's main national groups before an independence referendum set for February 29 and March 1.

Lord Carrington, chairman of the EC conference on Yugoslavia, said on Sarajevo television, the conference on Bosnia would provide a forum to decide what arrangements in the event of the independence of Bosnia would be satisfactory to all three nationalities.

Moslems and Croats are mostly in favour of the independence referendum, but it is opposed by Serb leaders. Serbs, who make up about 31 per cent of the republic's 4.4m population, insist on the right to remain in a common state with Serbs from Serbia and Croatia.

Finns swing in favour of EC entry

By Robert Taylor in Helsinki

FINLAND comes closer to joining the European Community today when President Mauno Koivisto is expected to announce support for entry.

In doing so, he will join most of Finland's political and industrial leaders who have swung in favour of membership in recent months.

This month Prime Minister Esko Aho and his cabinet will decide on an EC application, and parliament will vote on the issue.

The formal application will be made by mid-March, ensuring that Finland can join Sweden and Austria in parallel entry negotiations. These could begin late this year during the British EC presidency.

The only remaining doubts lie in the attitude of Mr Aho's ruling Centre Party, which is divided over EC entry. Many rural supporters fear EC membership will devastate Finland's highly-protected agriculture. Others worry about the loss of sovereignty for a country that became independent only 75 years ago.

Mr Aho only came out publicly in support of EC entry last weekend and may still have trouble with his rank-and-file although most policy-makers believe the country has little choice.

The swing towards EC entry follows the realisation that a 19-nation European Economic Area (EEA) would only be a transitional arrangement, particularly after Sweden opted in 1990 to seek EC entry.

In addition the collapse of the Soviet Union effectively ended 43 years of being constrained by Moscow and gave Finnish policy-makers freedom to chart a new course towards western Europe.

Since last summer virtually all Finnish industrialists have backed EC membership. With nearly half Finland's trade with the EC, exporters realise their prosperity is bound up with western Europe.

Negotiations with Brussels could prove difficult over agriculture, where the Finnish government wants special treatment for its farmers.

Once terms are negotiated Finland plans a referendum on entry terms. After that parliament must vote by a two-thirds majority under the constitution twice, both before and after the 1995 election, if the country is to join the EC.

Such a high hurdle is giving the anti-EC campaign some hope, particularly as a recent opinion poll revealed only 51 per cent in favour of joining and 38 per cent against.

Economic ills weigh down Polish coalition

By Anthony Robinson, recently in Warsaw

POLAND'S recently formed centre-right coalition government is becoming increasingly frustrated at its inability to honour pre-election promises and ease the burdens of a transition to a market system.

After fiercely criticising Poland's first two post-communist governments for ignoring the social costs of the IMF-backed stabilisation programme, the incoming government was obliged to spend its first weeks shepherding an inherited cost-cutting interim budget through parliament.

The need to trim a first quarter budget deficit that was heading for a $7bn-$8bn deficit on an annualised basis forced the government to lower unemployment pay and energy subsidies. The cuts sparked strikes and anger from voters who earlier supported calls for greater state intervention to prop up loss-making state companies.

The parlous state of public finances reflects the depth of the structural decline and the difficulty of reforming the state administration quickly enough to levy new taxes on the fast-growing, and sometimes high-spending private sector.

More than 85 per cent of government revenue came from so-called "profits taxes" levied on state enterprises under the primitive tax and administrative structures inherited from four decades of communist rule. But a 35 per cent fall in state sector industrial output in the past two years has pushed nearly half the 8,400 enterprises into the red. Unable or unwilling to pay taxes, they have sold assets, sacked workers and built up debt with other state enterprises and state banks.

Unemployment nearly doubled last year to 2.1m, 11.4 per cent of the workforce. The budget also had to fund a 800,000 increase to 8.3m in the number of pensioners. The government's problem is that higher social spending has further reduced its ability to fund a more interventionist industrial policy, as advocated by Mr Jerzy Eysymontt, the new minister in charge of economic policy. Before the elections he argued that the government should both support state enterprises and act more decisively to close chronic loss-makers. Until now no large or medium-sized state company has been made bankrupt.

The government, headed by Mr Jan Olszewski, is due to present its new economic programme to parliament on February 15, but there are strong indications that it will be obliged to deviate only minimally from the IMF-backed policy outlines traced by its predecessors.

Turkish political violence threatens rights reforms

By John Murray Brown in Ankara

POLITICAL violence in Turkey is threatening to derail efforts by the coalition government to introduce human rights reforms.

Mr Yasar Gunaydin, the Istanbul state prosecutor, yesterday became the fifth security official killed in less than a week when he was gunned down outside his home.

For many Turks, the attacks have provided a chilling reminder of the violence which led to 1980 military coup, and the ousting of then minority government of Mr Suleyman Demirel. The latter became prime minister again following last October's election and has promised strong action against the terrorists, while pushing ahead with human rights reforms.

The latest violence represents a serious setback to the reform process. It is also expected to bolster opposition to the proposals presented last week by Mr Mehmet Kahraman, the new human rights minister.

Turkey currently faces two terrorist threats. The first is Dev-Sol, an urban left-wing group active in the 1970s which claimed responsibility for yesterday's attack and for the killing of 30 policeman and five generals last year, as well as several western businessmen and foreign diplomats.

More alarming has been the increased violence of the Kurdish separatist PKK in the south-east. The army says it is preparing for a spring offensive by the Syrian-backed PKK, which has exploited the power vacuum in neighbouring north Iraq to pursue its eight-year struggle for an independent Kurdistan.

Turkey has signalled its determination to improve a human rights record, which has long blighted its otherwise close relations with US and European allies. Initial proposals centre on changes to the criminal procedure code, which covers police conduct during arrest and interrogation.

Church wins Portuguese TV channel

By Patrick Blum in Lisbon

THE Portuguese government yesterday awarded franchises for two private television channels, ending months of delays and controversy including a damaging row with Portugal's powerful and conservative Roman Catholic church which emerged as one of the victors in the contest.

The two channels, which come on air this year, will end the duopoly of two state channels – Canal 1 and RTP2 – which have spent the past year revamping their programmes in preparation for tougher competition.

The strongest competition is likely to come from Sociedade Independente de Comunicacao (SIC), headed by Mr Francisco Pinto Balsemao, a former prime minister and founding member of the ruling Social Democratic party, which won the 15-year franchise for the new third channel. Mr Pinto Balsemao heads Sojornal, the company that owns Expresso, Portugal's largest and respected weekly newspaper, and 50 per cent of Exame, the leading business magazine, among other publications.

SIC includes several other Portuguese newspaper and magazine publishers, and it has established links with TV Globo of Brazil which supplies the bulk of popular Brazilian soap operas screened on Portuguese state television.

The franchise for the fourth channel has gone to Televisao Independente (TVI), a group whose main shareholders are Radio Renascenca – the Church-sponsored national radio station – various religious organisations and publishers Editorial Verbo.

Fianna Fail picks Reynolds as leader

Former Irish cabinet minister Mr Albert Reynolds yesterday easily won a leadership contest to replace Mr Charles Haughey as head of the governing Fianna Fail party, Reuter reports from Dublin. He becomes prime minister-elect on Tuesday when parliament will vote him in as premier.

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Higher and mightier yet at Davos World Forum

Ian Rodger reports from a more than usually august annual economic gathering in Switzerland

FEW, if any, organisations can rival Switzerland's World Economic Forum at bringing together a broad cross section of the world's business and government leaders. But the guest list at the annual conference, which ended yesterday at the Swiss ski resort of Davos, defied belief.

The leaders of virtually all the eastern European countries – including the warring Yugoslav states – were there. The heads of almost all the former Soviet Union's republics came, and the one who did not – Mr Boris Yeltsin – sent a message. South African leaders, black and white, spoke from the same platform.

The attraction of the Davos gathering is that it gives a variety of leaders an opportunity to meet each other, and top businessmen, in a private and totally secure environment without having to respect the niceties of protocol. Many such meetings in the past few days may turn out to have been important, notably those between the Indian and Pakistani prime ministers and between the Greek and Turkish leaders.

In general, however, the conference was simply overwhelmed by the eastern European and Commonwealth of Independent States presence. In every corner, there was a president from one of these countries trying to convince an audience of his country's commitment to free market principles, of its overall stability and, hence, of its worthiness for aid and foreign investment.

This was easier for some than for others. The Russians had the most difficulty, with a gaggle of bright young officials eager to express contentious views in remarkably fluent English. According to one of them, the CIS could break up within a few months leading to brutal border disputes between the increasingly nationalistic republics. Another maintained that there was no doubt that inflation and unemployment would soon be brought under control and the rouble would proceed steadily toward convertibility.

(The rule at Davos is that remarks cannot be attributed publicly to an individual unless he makes them in a plenary session.)

The eastern Europeans were more calm and convincing, and many acknowledged that their main development problem was not so much a lack of capital as the scarcity of skilled people who could design and execute sound projects. Hence the aggressive appeal to western industrialists to bring their own projects.

Some countries even brought glossy brochures promoting themselves. "A new state on the sunny side of the Alps," proclaimed one from Slovenia.

A disturbing cultural question crept into the debates on European integration, with some participants wondering if the EC was deliberately dragging its feet on opening to eastern countries that did not share the Judeo-Christian culture. Croatia and Slovenia stressed their "western-ness" in their appeals for admission to western European institutions, and trying to distance themselves from their neighbours.

This was not lost on the others. "Don't forget the new countries south of the Sava, proclaimed the leader of one of the southern Yugoslav republics at one session.

What the 1,000-odd businessmen, who had paid $10,000 apiece for the privilege of facing all these begging bowls, made of it is hard to tell. Many preferred to bury themselves in their own mini-summits for much of the conference, leaving the preening politicians and their top advisers to their academic and media hangers-on.

The Forum is supposed to be an occasion for discussion of global economic issues, but this year at least, these took a back seat to politics, perhaps because no one was able to think of anything positive to say. "The tone is very gloomy," admitted Mr Jean-Claude Paye, secretary-general of the Organisation for Economic Co-operation and Development.

The Forum also aims to push forward discussion on other leading issues of the day, as suggested in the rather pretentious overall theme for this year's conference: global co-operation and megacompetition.

Perhaps because global politics are evolving so quickly, discussion rarely seemed to get beyond descriptions of the complexity of the issues involved in building the much talked about new world order. But, as Mr Henry Kissinger, one of the conference's ageing chairmen, reminded everyone, compared to the grim confrontations of the cold war era, these were not bad problems to have.

WORLD TRADE NEWS

Uruguay Round in trouble again over deadline

By **Frances Williams** in Geneva

NEGOTIATORS in the Uruguay Round of trade talks are increasingly concerned that the Easter deadline for completing the Round will not be met.

On January 13, the 108 countries taking part agreed to accept conditionally a 436-page draft package of accords covering all areas of negotiation. But the European Community said "substantial improvements" would have to be made in the agriculture text calling for cuts in farm support. Nearly four weeks on, the EC has not yet come up with proposals for altering the draft, still less begun serious negotiations with the US and other trading partners to get changes agreed.

This has in turn held up the detailed country-by-country negotiations now underway on lowering tariffs and other barriers to trade in goods. Other countries dissatisfied with the agriculture text, notably Japan which does not want to open its closed rice market, are refusing to bargain over farm products on the grounds guidelines have not yet been fixed.

Countries are committed to reducing overall tariffs, including those on agricultural items, by one-third. By March 1, all 58 countries (the EC counting as one) in the tariff negotiations must submit complete item-by-item tariff schedules showing how they propose to meet that objective. After a final balancing of concessions, definitive schedules would be ready by March 31. Failure by any country or bloc to include farm products on its proposed tariff schedule would make it almost impossible to complete the negotiations on time.

Today's informal stocktaking of intensive bargaining over the past week will also indicate little progress on Washington's "zero-for-zero" proposals to scrap completely tariffs on particular products. Negotiators have more or less agreed zero tariffs for pharmaceuticals and steel, with construction machinery and medical equipment also under discussion. But the US needs more sectors covered if it is to meet the one-third target. The EC in particular is holding out in the hope of securing cuts in high US tariffs for textiles and footwear.

Disappointing progress in the negotiations on initial commitments to liberalise trade in services, which must also be completed by March 31, has led some trade officials to doubt whether substantial market-opening deals are possible by the deadline.

UK's cure for Moscow bread queue

LONG queues for stale bread in the Soviet Union could be a thing of the past if a plan financed by the British government and UK bakeries is accepted by Moscow city council, writes Judy Dempsey.

The plan, drawn up by Andersen Consulting, the London-based company, involves finding out if privatisation, a reorganisation, and an injection of capital in Moscow's 1,420 bread shops and 24 bakeries, would make bread last longer and taste nicer.

A Muscovite loaf lasts a mere 12 hours. Why? "It is not wrapped up," said Mr Mark Aston, a partner with Andersen. "One bakery told us that when they tried – 10 years ago – to wrap the bread, it went green. We found out the reasons. They did not bother first to cool the bread," Mr Aston said.

The other problem is that the capital's old bakeries, which together produce 2,400 tons of bread for 10m people per day, are far away from retail outlets. Andersen is recommending the setting up of private, small bakeries near residential areas.

A team of UK bakers is now working in a Muscovite bakery to see how recommendations can be adapt to reality, instead of coming up with half-baked ideas.

Indo-Russian trade stuck in credit trap

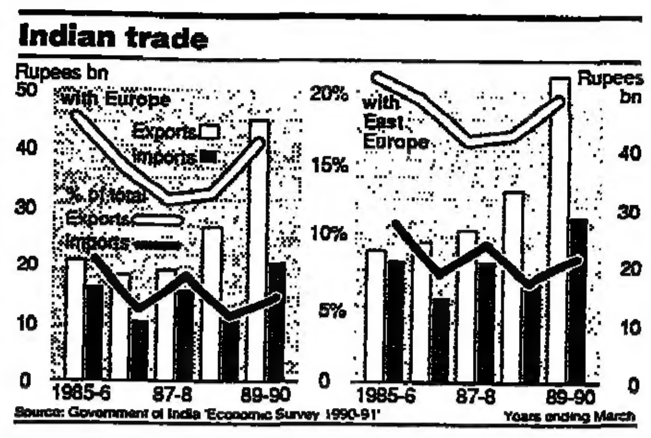
K K Sharma in New Delhi and **R C Murthy** in Bombay report on life after barter

THE delegation from Moscow that arrives in New Delhi tomorrow to discuss the future pattern of Indo-Russian trade must attempt to tackle the growing problem of Russian indebtedness to India as a result of Moscow's failure to export sufficient goods.

Trade between India and the former Soviet Union, conducted through annual agreements to provide balanced trade, has been badly disrupted following the collapse of Soviet communism. This has left Moscow owing Rs32bn (£690m) in "technical credits".

The Russians plan to switch to dollar-denominated trade with India, ending the 30-year-old rupee trade, a complex system of balancing two-way exports and imports. Enthusiasm for rupee trade has already waned in eastern Europe, where some countries have already changed to convertible currencies for trading with India.

The Soviet Union has long been an important trading partner with India, with the latter's exports to the former at one stage accounting for a fifth of India's total exports. This approved-in-advance trade enabled India to finance machinery exports and to service the credits extended for import of Soviet armaments and military aircraft. In what were effectively barter deals, the country which failed to export sufficient goods gave technical credits.



Source: Government of India 'Economic Survey 1990-91'

The increasing decline in Soviet exports left Indian imports from what is now the Russian-dominated Commonwealth of Independent States running at only Rs15bn, far below the Rs40bn envisaged in last year's Indo-Soviet protocol. The technical credits India gave to Moscow reached a record Rs21bn, with another Rs8bn-worth of Russian orders left in the Indian pipeline. The Indo-Soviet trade protocol provides for annual technical credit of Rs1.5bn, which is to be adjusted by exports the following year to balance trade.

Moscow wants New Delhi to roll over the credits, to ask its banks to accept letters of credit already opened, and to resume consumer goods exports. But the Indians say that they can ill-afford to roll over nearly Rs30bn of credit because of budgetary problems.

This has created many problems. Last year, for instance, India received only 3m tonnes of crude oil from Russia, just two-thirds of the agreed level. Steel imports were negligible, and supplies of non-ferrous metals stopped altogether. These had to be made good by imports from hard currency areas, adding to India's concern over its balance of payments. Exports from India were also down by more than 50 per cent on protocol levels, causing surpluses in the Indian factories that had for years geared for the Soviet market. Traditional industries such as jute, tea, textiles and shoes were all badly affected.

The budgetary problems are also serious for India, which has promised the International Monetary Fund that it will cut its fiscal deficit for 1991-92 to 6.5 per cent of gross domestic product (GDP).

Technical credits are charged to the Indian government for budgetary purposes and could become an important reason why IMF requirements will not be met. Moscow is not reneging on the debt but it not liquidating it immediately as India wants.

For India, technical credits earn only 4.5 per cent interest, and Russia indicated recently that it will take at least three years to liquidate the debt.

Meanwhile, the 1992 protocol has not been signed, and Moscow's desire to switch from barter to convertible-currency trade is being complicated by a disagreement over the rupee-rouble exchange rate, heavily weighted in favour of Moscow. India wants this revalued.

In the interim, both countries have agreed to value their goods in dollars for at least two years. Another thorny issue relates to the fixing in rupees of the value of outstanding Soviet credits for military equipment supplies, which is now denominated in roubles.

The Russians estimate these credits at Rs8-9bn, but no official figure is available.

And, even while this trade was in rupees, the two countries had multiple rouble-rupee exchange rates: one for tourists, another for merchandise trade settled annually, a third for military equipment credits.

India also feels that there are contractual obligations from which Moscow, as the successor to the Soviet Union, cannot back out. India thinks that Russian commitments in four areas defence equipment, aid to power projects, coal and steel must be paid in rupees.

Indo-Russian trade will in all probability switch over from barter to convertible-currency trade.

Moscow has said that trade, unlike in the past, when a pact could be drawn up with a central Soviet authority, will have to be through agreement with individual enterprises. Moscow is also proposing that 40 per cent of the value of Russian exports to India should be used for purchases from India and the balance remitted in hard currency within 30 days if the private enterprises do not want to use it to buy Indian goods.

Whatever the outcome of the talks starting this weekend, there will still be difficult times ahead.

Eximbank chief clarifies policies in east Europe

By **Nancy Dunne** in Washington

MR John Macomber, chairman of the US Export-Import Bank, yesterday said export financing to Poland could reach $800m (£442m) this year or next, but US government support for sales to the Commonwealth of Independent States must wait until crucial decisions are made about who is in charge.

"The republics of the former Soviet Union have enormous assets in terms of people and natural resources, but are in an economic freefall," said Mr Macomber. "We need to know who has the authority to contract? Who controls the foreign currency? Who decides if foreigners can invest in their oil and gas business?"

Once the answers are clear, Eximbank will "most likely" begin disbursements for short- and medium-term transactions.

"I also hope we can channel support into hard currency-generating projects," said Mr Macomber. "This would include oil and gas development, with production payments used as collateral for commercial bank guarantees, as well as other projects having the prospect of earnings in other than roubles."

The bank has approved six US sales to Russia, ranging from glass and battery manufacturing equipment to building construction panels and safety control systems for nuclear power plants. These will not go forward until Eximbank has "clear guarantees" from the Russian government, Mr Macomber said.

In Poland, by contrast, the bank has doubled and plans to redouble its support since opening its doors two years ago. Its lending to Mexico is the highest of any country in its history, having reached $7bn, one-fourth of the Eximbank's total portfolio.

NEWS IN BRIEF

Prague to construct oil pipeline from Germany

THE Czech government has approved the construction of an oil pipeline between Germany and the Czech republic which will diversify Czechoslovakia's near total dependency on oil supplies from the ex-Soviet Union in the future, writes **Ariane Genillard** in Prague.

The pipeline will join two oil refineries in the Czech republic with an oil terminal in Ingolstadt, Germany, which is linked with the Mediterranean port of Trieste.

The Czech government said it will encourage local banks to invest in the building of the 320km-long pipeline. It will also seek international financing for the project which is expected to cost up to DM450m (£156.7m), according to Mr Victor Jakoubek, adviser at the federal Ministry of Economics.

Elf deal for Russian exploration

ELF Aquitaine, the French oil and chemicals group, became the first western company to agree an oil exploration arrangement with the Russian government yesterday when it signed a production-sharing deal, writes **Deborah Hargreaves**. The agreement covers 20,000 sq km to the east of the Volga river between Saratov and Volgograd. Interneft, the Russian state oil exploration company, has drilled several promising exploration wells, but the area currently produces no oil.

Before the break-up of the Soviet Union, Elf was negotiating for exploration acreage straddling the Russian-Kazakhstan border. The company expects to sign a deal with Kazakhstan before the end of February.

British Gas seeks Pakistan stakes

British Gas is bidding for a substantial stake in Pakistan's two state-owned gas distribution concerns and is also planning expansion of its existing exploration activities, Mr Robert Evans, the company's chairman, said here yesterday, writes **Gerald Bourke** in Islamabad.

Negotiations for the purchase of Sui Northern Gas Pipelines (SNGP), one of more than 100 companies up for sale, are at an advanced stage, executives said. SNGP, which supplies 800,000 consumers in northern Pakistan, posted a gross profit of almost £9m in 1991 on sales of £147m. Sui Southern, the other company being targeted, is of a similar size.

Brussels warns on Japanese cars

Any UK government move to remove restrictions on Japanese car imports into Britain could put pressure on the EC's fragile political consensus on the agreement to open up the EC market to Japanese imports by the year 2000, Commission officials said yesterday, writes **David Buchan** in Brussels.

Mr Peter Lilley, the UK Trade and Industry Secretary, said yesterday that the British government "will be considering whether to move to an unrestricted market before 1999", after a UK Monopolies and Mergers Commission report called for the scrapping of import curbs and other measures to give British car-buyers better value.

US cigarette plant for Poland

RJR Reynolds Tobacco International, part of the RJR Nabisco food and tobacco group, has announced plans to build a cigarette factory in Poland, writes **Nikki Tait** in New York.

The plant, expected to cost around $33m (£18.2m), will cover 132,000 sq ft and should see production begin in mid-1993. It will initially produce RJR's "Camel" cigarette brand, but eventually extend to other brands. The eventual plant capacity is put at 8bn cigarettes.

INTERNATIONAL NEWS

Mandela to reconsider nationalisation

By Patti Waldmeir in Johannesburg

MR Nelson Mandela, president of the African National Congress, said yesterday the organisation would reconsider its policy of nationalisation because of opposition from potential investors.

"Nationalisation is our policy," Mr Mandela told businessmen during a visit to Denmark, "but there is a shift in our thinking. We have observed the hostility and concern of businessmen towards nationalisation, and we can't ignore their perceptions," he said.

"If we want to create a climate where investors will not fear losing their investments, their dividends, we have to take a decision on the question of nationalisation."

Mr Mandela for months has insisted that the ANC is not "wedded" to the idea of nationalisation, but has threatened that the movement would resort to nationalisation unless businessmen came up with an alternative which would improve distribution of income and wealth in South Africa.

He repeated this demand only four days ago and is likely to revert to threats of nationalisation if it is not met.

The ANC leader's latest moderate line contradicts views of hardline members within the organisation, some of whom are very influential. His speech last weekend to the World Economic Forum in Davos had originally included a section obviously prepared by hardliners, in which he promised nationalisation of key enterprises as "a major step towards overcoming the huge inequality in the ownership of our country's wealth" and accused South African business of illegally transferring huge sums abroad. Mr Mandela dropped these sections.

A further sign of dissent came on Wednesday when the ANC repeated its threat to renege on foreign loans made to the current government, contradicting assurances made by Mr Mandela at Davos.

Yesterday he said he had been struck by the concern over the ANC's nationalisation stand expressed by the 2,000 businessmen present at Davos. He had also been told that whereas countries emerging from war had previously been able to nationalise to provide jobs and stimulate economic growth, this was no longer feasible in a world of inter-linked economies.

World Bank builds bridges to S Africa

Patti Waldmeir looks at Pretoria's bid for international financial respectability

AFTER A quarter of a century's estrangement, South Africa and the World Bank are well on the way to reconciliation. Mr Lewis Preston, the Bank president, is to visit South Africa next week, his first trip to Africa since he took up the job last September.

For months, World Bank officials have pursued informal contacts with the various political parties and groups in South Africa. Several teams have been to research an economy which has been virtually unknown to the Bank since lending was suspended for political reasons in 1967. Now, relations seem set to assume a higher profile.

Immediate access to Bank funding is not in prospect, however. The Bank is expected to resume lending only when a multi-party interim government is in place. Even then, there will be room for disputes within the Bank's board over what constitutes an interim government. Would a multi-racial executive with only limited powers (one option) qualify for renewed access, or will the board demand more fundamental change? In practice, it seems likely that the board will follow the advice of the African National Congress on the issue.

Once formal relations are restored, debate will begin in earnest over whether South Africa should qualify for heavily subsidised loans from the International Development Association (the Bank's soft loan agency which lends to the world's poorest countries), or only for the mildly concessional loans available to middle-income countries.

Income per capita in South Africa, at $2,520 a year in 1990, far exceeds the limit of $740 normally imposed on IDA recipients. However the grossly unequal distribution of income between whites and blacks might mean that South Africa could be treated as a special case for soft loans.

But with the IDA's funding already under serious pressure from claimants worldwide, officials in Pretoria seem resigned to doing without heavily subsidised finance. The size of any World Bank programme for South Africa would thus be determined by demand from Pretoria: how much would a new government wish to borrow, given that the terms are only mildly concessional?

South Africa could benefit indirectly from IDA finance by participating in regional projects aimed at low income countries such as neighbouring Mozambique. South Africa's electricity utility, Eskom, is keen to develop a regional electricity grid and various energy projects involving South African companies are under discussion. But the recipient government in such cases would be Mozambique, not South Africa.

Government officials say no project plans have yet been drawn up for South Africa itself, nor have amounts been discussed. But World Bank lending is likely to focus on education and urban development, the two areas already researched by Bank officials. With 7m people living in informal settlements countrywide – including millions in squatter shacks – urban development will be a high priority for the new government.

Education, too, is in crisis, with black schools desperately overcrowded, facilities poor and teachers poorly qualified.

Already, the Bank is ready to provide informal technical assistance to black South Africans, with plans afoot to train those who might be officials of a future government through the Bank's Economic Development Institute.

The ANC, for its part, remains deeply suspicious of international financial institutions such as the Bank and the International Monetary Fund, with some officials adopting the rhetoric of the 1960s to condemn them as neo-imperialist organisations. But ANC officials have met previous World Bank teams, and two of the movement's senior leaders are to see Mr Preston during his visit.

The International Finance Corporation (IFC), another World Bank finance affiliate, is likely to be active in the South African private sector. Once lending resumes, the IFC is expected to focus its efforts on helping non-white entrepreneurs, selling management consultancy services and setting up an "enterprise fund" aimed at small businesses, as it has done elsewhere in Africa. Eventually, the IFC could become involved in project finance in areas such as mining and chemicals.

Egyptian rebuff for Moslem Brotherhood

By Tony Walker in Cairo

EGYPT'S banned but tolerated Moslem Brotherhood has again been denied legal status by an Egyptian court, in a decision which comes at time when the government is edgy about an apparent upswing in Islamic militancy across the Arab world.

The Brotherhood, which was outlawed in 1954 after President Gamal Abdel Nasser accused it of plotting his overthrow, has been pressing unsuccessfully for registration as a charitable organisation.

Egypt's constitution would prevent, in any case, the Brotherhood gaining acceptance as a political party since it bans political organisations based on race or religion.

Egypt's Administrative Court gave no reason for rejecting the Brotherhood's latest application. It intends to appeal. Mr Mohammed Selim, lawyer for the Moslem Brotherhood, declared after the ruling: "All we can do is resort to the Higher Administrative Court."

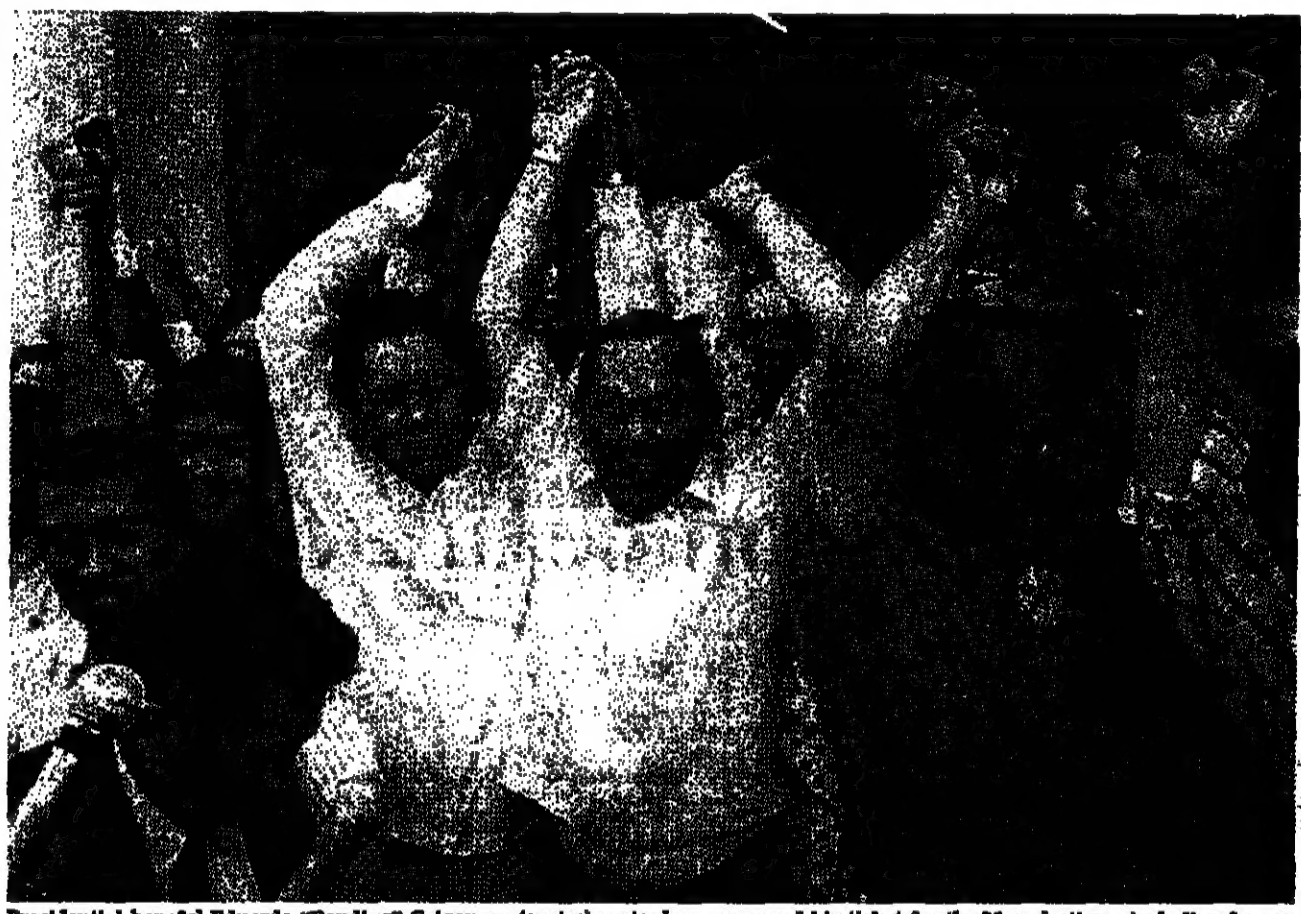
The Moslem Brotherhood, the country's mainstream Islamic force, is allowed a fair degree of latitude to organise, canvass politically and operate schools and clinics. It has gained seats in parliament in partnership with the tiny Liberal and Socialist Labour parties, but along with other main opposition groupings boycotted the last election held in November 1990.

Brotherhood supporters argue that continued denial of legal status makes no sense since the organisation is allowed to operate openly, although it may not contest elections in its own right.

● Two Israeli Arabs arrested earlier this week in Egypt on suspicion of spying are being interrogated in a maximum security prison in Cairo, according to the Cairo official press.

The two are described as a 41-year-old man and his daughter. Egyptian newspapers reported that illegal communications equipment and official documents were found in their suburban home in Heliopolis.

This is believed to be the first case of Egypt arresting suspected Israeli spies since the two countries signed their peace treaty in 1979.



Presidential hopeful Eduardo "Danding" Cojuangco (centre) yesterday announced his ticket for the May elections, including former supporters of his estranged cousin, President Corazon Aquino, such as Senator John Osmena, his vice-presidential candidate (left).

Punjab election campaign begins

By K K Sharma in New Delhi

A FORTNIGHT'S election campaigning in Punjab began quietly yesterday in the shadow of guns wielded by both militants and the troops that have been deployed in the state to keep them at bay.

Candidates were under heavy military escort and there was little of the enthusiasm associated with the start of an election process. Polling will be held on February 19 to elect 13 members of parliament and 117 members of the Punjab legislature.

For the last nine years, the state has been torn by violence by Sikh militants seeking independence. Initial election rallies were held not to propagate the contestants' policies but to urge the voters either to boycott the election or to get them to vote at all.

The election is being boycotted by the main factions of the Akali Dal, the Sikhs' main political party, under instructions from the militants. The Akalis held rallies throughout the state asking the people not to vote. Anti-boycott rallies were held by the authorities.

The Indian government claims it has made sufficient arrangements for a fair and free election and is urging voters to turn out in large numbers.

One small faction of the Akali Dal is, however, contesting the election, a faction of led by Mr Amrinder Singh, a former prince of the Patiala royal family. Mr Singh was declared elected to the Punjab legislature on Wednesday when all his opponents withdrew from the contest.

This is seen as part of moves being made by the contesting political parties to ensure an Akali presence in the new legislature to give it respectability.

The other main parties contesting the election are Congress, which also forms the federal government, the Hindu revivalist Bharatiya Janata Party, which is the official opposition in parliament, and the Marxists.

The period of campaigning has been cut to a fortnight because of security problems in Punjab. The state has been under president's rule (direct administration from New Delhi) for 56 months after the last Akali government was dismissed for failing to check violence by the militants. The situation has got worse under president's rule.

The Indian government has called elections in Punjab to see whether restoration of democracy and an elected government can do better.

India yesterday denied it had received 12.5 tonnes of heavy water that Norway said was diverted from a 1986 shipment it sold to Romania, AP-DJ reports from New Delhi. A Foreign Ministry official said all of India's heavy water was legally imported only from the Soviet Union and was used in atomic power reactors under international safeguards. "The question of smuggling of heavy water does not arise."

Chalker coy of making aid commitment

By William Keeling

MRS Lynda Chalker, the UK's minister for overseas development, refused yesterday to give a timetable for increasing Britain's overseas aid to levels in line with other European Community countries.

British overseas aid in 1990 was 0.27 per cent of gross domestic product, against an average of 0.5 per cent of EC countries, and a United Nations target of 0.7 per cent agreed by the UK in 1974.

Mrs Chalker told a press conference that any increase in aid "depends upon growth in this country (the UK)", but added that current British aid was of a higher quality than that of many donor nations.

Mrs Chalker urged the EC to work the criteria of good government – sound economic policies, competent and accountable management, and respect for human rights – into its dialogue with developing countries.

US court rejects Westinghouse N-plant appeal

By Frank Gray

A US FEDERAL court has rejected an appeal by Westinghouse Electric to drop bribery and corruption charges against it in connection with a nuclear power project in the Philippines.

Westinghouse and Burns & Rose, consultants to the deal, will as a result have to face a jury trial in Newark, New Jersey, to start on March 2.

The decision is a blow to Westinghouse, which last month made a final attempt to quash the allegations brought more than four years ago by the Philippine government and the National Power Corporation (NPC), the state power company which signed the initial contract in 1976.

The original deal, negotiated under the former regime of President Ferdinand Marcos, called for construction of a 620 megawatt nuclear power station on the Bataan peninsula. The plant was completed in 1986, but was mothballed before start-up by the government of Mrs Corazon Aquino following Mr Marcos' exile.

The NPC and the government filed suit in the US in December 1988, claiming the contract was won as a result of $17m in bribes paid to Mr Marcos. The alleged bribes took the form of a $17m special sales representative consultancy payment to Mr Herminio Disini, a Marcos associate, who now lives outside the Philippines.

Many of the technical counts connected with the deal were referred by the US court to the International Chamber of Commerce (ICC) in Geneva, while the US court, presided over by Judge Dickinson Debevoise, committed the companies to a jury trial on the bribery and corruption allegations.

In late December, the ICC issued a preliminary finding that, in its view, there was no evidence that bribes were paid to win the contract. It is still deliberating the technical issues.

On the basis of the ICC ruling, Westinghouse lawyers sought to invoke the doctrine of collateral estoppel, a legal term meaning that the ICC ruling should apply to the US case. On this basis, they called for the US case to be dropped.

After reviewing oral and written arguments by both sides, Judge Debevoise refused to bow to the ICC ruling. While "having no quarrel with the ICC," he nevertheless found numerous faults with the judgment.

Chief among these was that the ICC was operating on extremely narrow parameters in which only the most overt evidence of bribes to Mr Marcos would have persuaded the tribunal of the defendants' guilt.

Westinghouse said yesterday it was disappointed by the judgment, but that it was confident it would win the case. Total value of the civil action is put at more than $1bn, most of this relating to the contract performance aspects being reviewed in Geneva. It is understood that the damages being sought in the US are between $100m and $200m.

According to officials, the trial committal has accelerated discussions on an out-of-court settlement.

□ Frank Gray is Editor of Power in Asia, a Financial Times energy newsletter.

AMERICAN NEWS

Argentine prices increase by 3% in January

By John Barham in Buenos Aires

ARGENTINA'S ambitious anti-inflation strategy has received a body blow with the announcement of a 3 per cent increase in prices in January. The policies of Mr Domingo Cavallo, economy minister and architect of Argentina's economic revival, hinge on lowering inflation to international levels.

Mr Cavallo forecast inflation of 6-7 per cent this year, but January's surprisingly heavy increase makes that target almost unattainable.

Although January's inflation is low by Argentina's standards, it came as a bitter disappointment after monthly inflation sank to a 20-year low of 0.4 per cent in November, rising slightly to 0.6 per cent in December.

January's increase brings the 12-month inflation rate to 76 per cent.

Mr Cavallo must hold price increases down to 0.35 per cent a month for the rest of the year to meet his inflation target and avoid placing insuperable strains on the fixed exchange rate, the weakest link in his strategy.

Argentina's peso is now pegged to the US dollar after floating at the outset of free convertibility last April.

Since April inflation has risen by 25 per cent while the peso has lost only 2 per cent of its value, making the currency increasingly overvalued. Nonetheless, export competitiveness has been maintained by reducing internal taxes.

Officials emphasised that January's increase was due to seasonal factors.

They stressed that fiscal and monetary policies were fully on target and warned against a return to indexing wages and prices to the inflation rate, a move that would be guaranteed to re-ignite steep inflation.

Earlier, Mr Cavallo had warned that heavy, sustained inflation would automatically lead to a recession.

Last year the economy grew an estimated 5 per cent while the government projects 6 per cent growth in real terms this year.

Price increases must be held to 0.35 per cent a month for the rest of the year to meet inflation targets and avoid placing insuperable strains on the fixed exchange rate

Brazil blocks Eletrobras accounts

By Christina Lamb in Rio de Janeiro

THE Brazilian economy ministry has frozen all the accounts of Eletrobras, the state electricity company, for not honouring its foreign debts and has warned that it will do the same to any other state company which fails to make payments.

The crackdown comes after repeated failure by Eletrobras to meet payments due to the World Bank and other international creditors. Eletrosul (the southern electricity company) and CHESF (the Sao Francisco hydro-electricity company) have also had their accounts blocked. Over the last year the three companies ran up $300m in arrears.

Last month the Treasury paid a $45m instalment due from Eletrobras to the World Bank when the company again failed to deposit the money and economy ministry officials say the accounts will remain frozen until this is repaid.

The electricity companies' failure to meet payments is an embarrassment to the Brazilian government, which is in the midst of an offensive to renegotiate its foreign debt. Mr Marcilio Marques Moreira, the economy minister, is in Europe meeting members of the Paris Club group of official creditors to whom Brazil owes $22bn.

He will present an official proposal which will then be discussed at a meeting on February 24.

Fujimori seeks UK help on terrorism and trafficking

By Ken Warn

PERU'S President Alberto Fujimori yesterday called on Britain to assist his country with its economic reconstruction and in the fight against terrorism and drug trafficking.

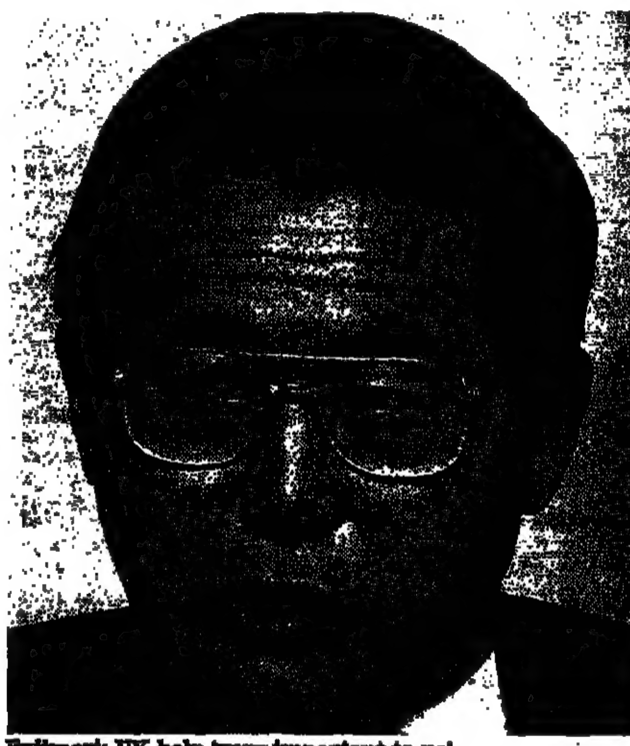
"The support of the United Kingdom is very important to us – perhaps they could participate even in a symbolic way at the moment to show solidarity for our situation," Mr Fujimori said in an interview with the Financial Times.

Mr Fujimori, on his first visit to London, met Mr John Major, the British prime minister, for talks on Wednesday at which he described Peru's economic reconstruction and stabilisation programme.

Mr Fujimori suggested Britain might provide training to assist in the fight against terrorism.

Britain did not participate in the support group of nations, led by the US and Japan, which eased Peru's gradual re-entry into the world financial system following the election of Mr Fujimori in 1990.

Peru's economic programme won IMF approval in September last year.



Fujimori: UK help 'very important to us'

Mr Fujimori, who is also using his unofficial visit to Britain to highlight the environmental damage caused by the drugs trade, vigorously defended his anti-drug and anti-terrorism campaigns. "When I took over the government the anti-drug policy was very repressive and militaristic," he said.

"In our new strategy we do not have to fight against the farmworkers. We have to distinguish between the farmworker who is growing the coca leaf and those who process and commercialise cocaine," he said.

"We have to gain the confidence of the farmworkers, who are actually exploited by the drug traffickers. We have to campaign to help them change."

Peru produces at least 60 per cent of the world's coca leaf, the raw material for cocaine.

The surprise resignation last month of Mr Hernando de Soto as adviser on drug trafficking would not change Peru's policy, Mr Fujimori said.

Mr De Soto, the architect of the shift in emphasis from enforcement to economic development as the key to battling drugs, cited the high level of official corruption as one reason for his resignation.

Mr Fujimori admitted that corruption continued to be a problem. "Without corruption you could not explain how drugs continued to arrive in the US. But the level of corruption has been reduced."

He also claimed progress against the Maoist *Sendero Luminoso* (Shining Path) guerrillas and the MRTA (the Tupac Amaru Revolutionary Movement), which have waged a long and bloody struggle against the Peruvian state.

"I am completely sure that I will leave Peru completely pacified," he said, switching briefly into English "to make matters absolutely clear."

Noriega gains ground

Henry Hamman focuses on the former Panamanian leader's attempts to fend off US drugs charges

FORMER Panamanian leader General Manuel Antonio Noriega's defence against drug trafficking charges in Miami gained ground this week. A Drug Enforcement Administration agent acknowledged that a man identified by the prosecution as a major Medellín cocaine cartel money launderer had been arrested on the basis of information from forces commanded by Gen Noriega.

The testimony by Mr James L. Bramble, in charge of the DEA's Panama operations from August 1982 until June 1984, raised questions about earlier prosecution claims that Gen Noriega had protected the cartel's operations in Panama in return for pay-offs.

Prosecutors had cited the money launderer, Mr Ramon Milian Rodriguez, as a major conduit for drug money from the US to bank accounts controlled by the cartel in Panama. According to DEA information, Mr Milian was responsible for transferring $200m in drug profits from the US to Panama.

Mr Bramble – reading from official DEA reports he had written – acknowledged that the information that led to Mr Milian's arrest had been independently developed by Panamanian narcotics officers and passed on to the DEA.

When Mr Milian was arrested in Florida, government agents seized $5.5m in cash, more than 61 pounds of cocaine, and a Lear jet aircraft. The DEA report called the seizure "significant."

In other testimony, former DEA agent Mr Arthur Sedillo, who was stationed in Panama from August 1977 until August 1979, read a cable he had received from the then-chief administrator of the DEA, Mr Peter Bensinger, in which Mr Bensinger asked that Gen Noriega be congratulated for his role in an "impressive seizure" of cocaine being smuggled to the US via Panama.

The defence, by calling current and former government officials and requiring them to read documents they wrote concerning Gen Noriega's efforts in drug law enforcement, is attempting to counter the prosecution's claim that Gen Noriega essentially turned Panama into a safe haven for Colombian cocaine dealers.

Both Mr Bensinger and another former DEA chief administrator, Mr John Lawn, argued that the kind words they may have written about Gen Noriega were diplomatic niceties rather than statements of fact.

But letters and memoranda by both Mr Sedillo and Mr Bramble also referred to co-operation between the DEA and Panamanian forces under the command of Gen Noriega.

Mr Frank Rubino, the lead defence counsel, said in an interview that showing the extent of this co-operation was a central part of the defence strategy. When Mr Bramble finishes testifying he is expected to be followed by another DEA agent who worked in Panama.

Another defence lawyer, Mr Jon May, confirmed that the defence has abandoned plans to require testimony from Col Oliver North, the White House official at the centre of the Iran-Contra affair, and other celebrity witnesses who had been subpoenaed.

Mr May and Mr Rubino expect to finish presenting their case in 4-6 weeks, when the prosecution is expected to offer a rebuttal. Then the jury will get its chance to decide who and what to believe.

Bush's defensive game-plan is primary concern

The stubborn US recession may turn the president's ragged advance into a battle, writes **Lionel Barber**

SHORTLY before Christmas, one of President George Bush's closest advisers offered a glimpse of the game-plan for halting the president's slide in popularity and laying the groundwork for winning the 1992 election.

First, Mr John Sununu, the abrasive White House chief of staff, would be dumped; second, the president would unveil an economic recovery plan in his State of the Union address in late January; third, Mr Bush would steal the Democrats' clothing by outlining plans for health care reform. "We have a plan," said the adviser, "and it is a good one."

Today, the White House plan looks threadbare. Mr Bush's popularity is more than 40 points lower than a year ago during the Gulf war. The president sounds defensive. And the presidential election campaign is about to begin, in earnest.

On Monday, in the mid-west farm state of Iowa, several thousand registered voters, Republican and Democrat, will gather in schools, churches and other public places to select delegates for their parties' conventions which in turn nominate the presidential candidates. These meetings – called caucuses – mark the official opening of the 1992 campaign.

In many senses, 1992 is a landmark election. It is the first of the post-Cold War era: anti-communism, which has defined the political terrain in every election since 1948, has seen its enemy vanquished in its own citadel.

Almost four out of five voters say domestic issues matter more to them than foreign policy. After the vacuous 1988 campaign – where Mr Bush missed a chance to win a mandate for change – there may be some hope of a serious debate about the future of the country.

Certainly, voters worried about the recession and the security of their jobs are looking for more than empty slogans.

Democratic candidates such as Governor Bill Clinton of Arkansas and former Senator Paul Tsongas of Massachusetts, each of whom can spell out a five-point plan faster than one can say "Mike Dukakis", are attracting attention and support. Mr Bush, singularly unadventurous on the domestic front, has been forced to respond.

In previous years, Iowa held the attention of the rest of the nation.

Mr Jimmy Carter's surprisingly strong showing in 1976 turned him into a serious presidential contender overnight; then-Vice President George Bush suffered a humiliating third-place finish in 1988, tempting some commentors to write him off until his spectacular come-from-behind win in New Hampshire.

This year, Mr Bush faces a challenge from Mr Patrick Buchanan, the TV commentator and former speechwriter to presidents Nixon and Reagan. Mr Buchanan mixes tax-cutting conservatism with neo-isolationist "America First" rhetoric. No one believes he will deprive Mr Bush of the Republican nomination; but if he could gain 30 per cent of the vote in the February 18 primary election in New Hampshire, he would increase the impression that the president is vulnerable, if not beatable, in November.

On the Democratic side, the presence of Senator Tom Harkin, an Iowa native, has rendered the Iowa caucus politically irrelevant. All eyes, therefore, have turned to New Hampshire.

A strong win for Mr Clinton would dispel, at least temporarily, suggestions that he has been irreparably damaged by accusations of adultery; he would instantly regain the mantle of front-runner. By some calculations, Mr Clinton, riding a tide of southern votes mixed with support in the heavy industrial states of Illinois and Michigan, could wrap up the presidential nomination by early April, just after the New York primary.

But the path to the nomination – and the White House – is rarely so smooth. If Mr Clinton were to finish a poor second in New Hampshire to, say, Mr Tsongas, it would fundamentally change the dynamics of the Democratic race. At the very least, it might provoke an even closer look at Mr Tsongas, a cancer survivor whose big pitch is US competitiveness and the need for a recovery in manufacturing; but Mr Tsongas' appeal outside his native north-east looks limited.

A second possibility is that a new candidate could enter the race. The obstacles are formidable: by the end of January, filing deadlines passed in 18 states, which produce 40 per cent of the pledged delegates to the convention. After New Hampshire, filing deadlines will have passed in 27 states, covering almost 60 per cent of the pledged delegates. Yet unless Mr Tsongas, Senator Bob Kerrey of Nebraska (Vietnam war hero), Mr Harkin, or former Governor Jerry Brown of California "catch fire", a nationally known figure such as Congressman Dick Gephardt, House majority leader, would be sorely tempted to run.

The Democrats desperately want to win in 1992. Having lost five out of the last six presidential campaigns, the party look at the White House as a coveted, but remote prize.

In the 1980s, the party focused too much energy on maintaining a legislative majority in the House and Senate – only to discover at the end of the decade that voters were deeply hostile to Congress, angry about the perks and privileges of incumbency, and worried about the apparent paralysis of national government.

The November election, which also includes the wholesale re-election of the House of Representatives and one-third of the US Senate, will be a testing ground for a voter reaction against incumbents.

The political process in the US has always been a slow-moving affair; the Founding Fathers wanted it so. But in recent years, the inertia has become more serious because Americans have tended to vote increasingly for "divided government", where Democratic majorities in Congress counterbalance Republican presidents. The formula seemed simple: leave Republicans to handle foreign affairs and national security and let the Democrats dole out the money for domestic programmes at home.

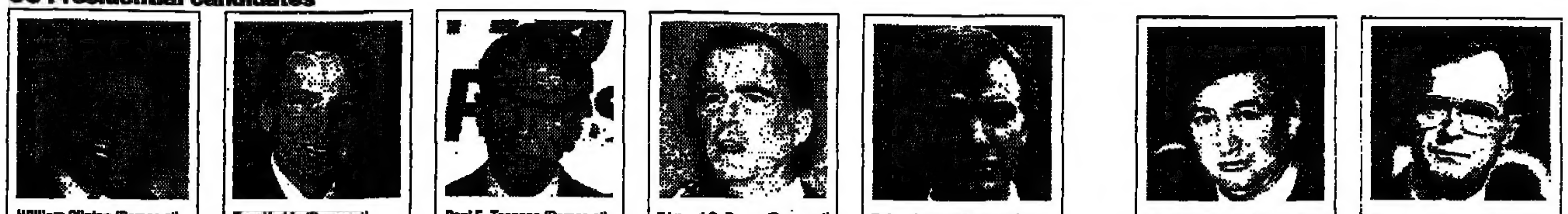
A year ago, a complacent Mr Bush believed that this formula would hold good in 1992. The crushing victory in the Gulf war seemed to guarantee him re-election; certainly, it was enough to scare off heavyweight Democratic challengers, leaving the field to a handful of candidates who remain little known on the national stage.

The stubborn US recession has forced Mr Bush to recalculate; like his advisers, he senses that it will not be enough to simply defend the status quo.

That is why he offered his national health care plan yesterday, and why Americans will be hearing a good deal more talk about the "caring President" who is interested in domestic – rather than foreign affairs – in the coming months.

In reality, Mr Bush is banking on an economic recovery by late spring or early summer. Without an obvious upturn, Mr Bush could be vulnerable to a Democratic challenger. The problem for the Democrats is that no single candidate currently in the field, with the possible exception of Mr Clinton, looks capable of bridging the "stature gap" with the president.

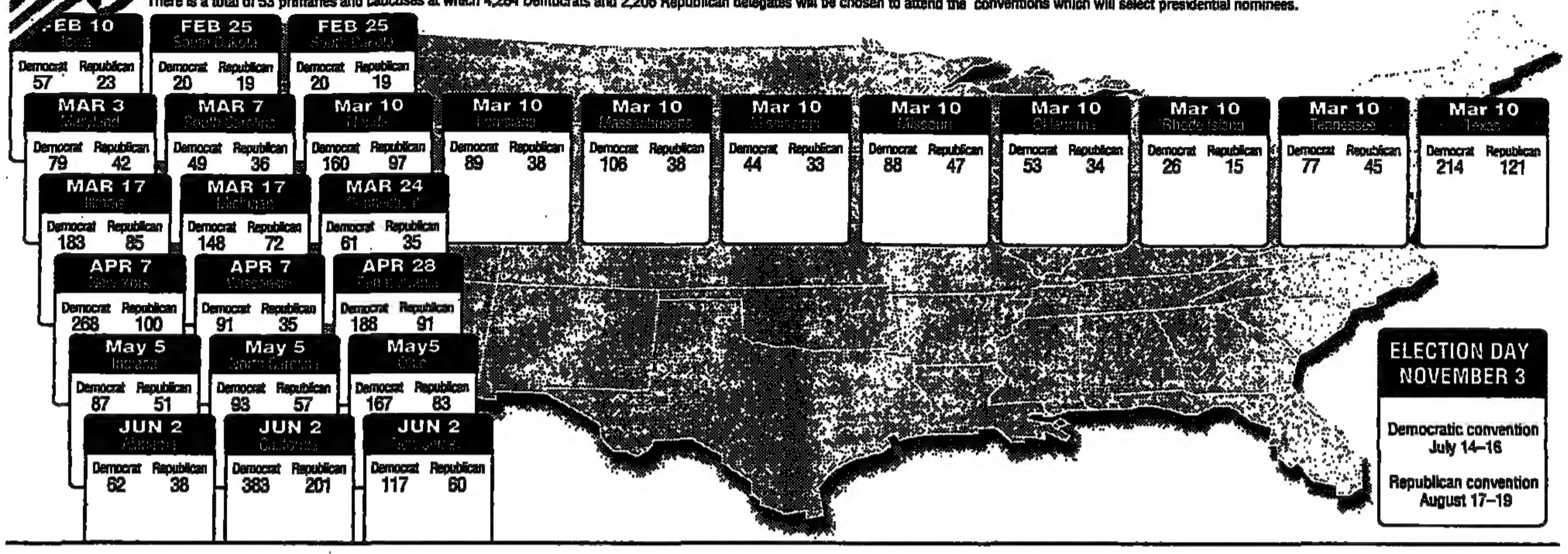
US Presidential candidates



William Clinton (Democrat) Governor of Arkansas. Age 45 | Tom Harkin (Democrat) Senator for Iowa. Age 52 | Paul E. Tsongas (Democrat) Former Senator for Massachusetts. Age 50 | Edmund G. Brown (Democrat) Former Governor of California. Age 53 | Robert Kerrey (Democrat) Senator for Nebraska. Age 48 | Patrick Buchanan (Republican) Newspaper columnist and TV commentator. Age 53 | George Bush (Republican) President. Age 67

Key primary and convention dates plus delegate numbers in run up to the US election

There is a total of 53 primaries and caucuses at which 4,284 Democrats and 2,206 Republican delegates will be chosen to attend the conventions which will select presidential nominees.



Battle lines drawn on health care

By George Graham in Washington

WITH the publication of President George Bush's "Comprehensive Health Reform Program" yesterday, the lines have been drawn for a fierce political battle over the US medical system.

Mr Bush's proposal is based on providing vouchers of up to $1,250 per person to help low income families pay for health insurance, as well as allowing middle income families expanded tax deductions for their medical expenses.

"I think the President's plan is one that is comprehensive and compassionate. It provides for the first time a vehicle to finance health insurance for the poor as well as to help those with incomes up to $80,000. That's 90m Americans who will be benefited," said Mr Louis Sullivan, secretary of health.

The US can in many ways claim unparalleled medical excellence. It also spends more money on health care than any other nation – an estimated $817bn this year – yet leaves many of its citizens without access to this care.

Most Americans believe the system needs reforming. A recent Gallup poll showed 91 per cent agreed there was a health care crisis, but 73 per cent were satisfied with the treatment they received.

This paradox helps explain why politicians have for so long regarded health as a no-win issue: any reform proposal was bound to irritate powerful lobbies such as doctors, medical insurance companies or retired people – an influential group who vote in far greater numbers than their younger compatriots.

Nevertheless, two glaring problems have at last driven health to the top of the political agenda.

The first is that over 35m Americans, most of them employed by businesses that cannot afford coverage for their workforce, have no health insurance and are bankrupted or reduced to charity to obtain medical treatment.

The second is runaway inflation in medical costs that has placed an ever-growing burden both on businesses which provide insurance for their employees, and on the US government. The government foots an increasing portion of the US medical bill through Medicare, the federal insurance plan for over-65s, and Medicaid, under which all states except Arizona provide basic health services to the poor.

Businesses have long complained about the costs they have to bear. Recently, however, their employees, too, have begun to complain, as companies have boosted the amount of any bill patients must pay themselves and excluded more and more medical services.

Three main types of solution have been proposed:

- A national health insurance system similar to that in Canada. This is proposed notably by Senator Bob Kerrey, one of the Democratic presidential candidates. Its drawback is that it would create a new bureaucracy that would have to be funded by taxes, and would put the private health insurance industry, with an estimated 174,000 employees, out of business.

It is viciously attacked by the Republicans as "socialised medicine," a charge which ignores the fact that 44 per cent of all health spending already comes from government, through Medicare, Medicaid, veterans' hospitals and other programmes.

- "Play or pay," where employers would choose between providing insurance for employees or paying into a state pool, which would provide basic coverage. This is favoured by many Democrats, including Senator George Mitchell, Senate majority leader, but is criticised by the administration for imposing new costs on business.
- The voucher system proposed by President Bush to allow low income families to buy their own insurance, coupled with increased tax deductibility for medical expenses to help middle income families. The Bush plan also includes arrangements to help small businesses pool their insurance buying in health insurance networks (HINs.)

All of these approaches would address the problem of those with no medical coverage. The administration says its plan would cover 24.1m Americans who are currently uninsured, through vouchers or tax deductions, and 5m more through the reforms it proposes to the insurance market. It acknowledges, however, that 4.9m people will remain uncovered.

Some of the sources of soaring costs are easy to pinpoint – unnecessary medical tests, wasted paperwork, and higher malpractice insurance costs as doctors seek to protect themselves against lawsuits.

President Bush's proposal to provide vouchers for the poor would, the administration argues, end the problem of cost-shifting, by ensuring that everyone can pay their hospital bills.

The administration also hopes to reduce unnecessary medical procedures by encouraging "co-ordinated care" such as health maintenance organisations (HMOs). In their simplest form, HMOs involve a clinic or group of doctors undertaking to provide all of their members' medical care for a flat annual fee, thus reducing the incentive to order expensive and redundant tests.

However, President Bush has ducked the question of how to pay the immediate costs of reform.

The administration's white paper claims to offer savings on total US health expenditure of between 6 and 14 per cent – a cumulative total of $394bn by 1997 and $954bn by the end of the century.

The decision to backpedal on funding is viewed by many as a signal that Mr Bush has no intention of pressing hard for health care reform before the election. He would not be alone among politicians in contimuing to view health care as a no-win issue.

Bush: seeking medical cover for young and poor

Clinton accused of draft dodging

By Lionel Barber in Washington

GOVERNOR Bill Clinton of Arkansas, whose presidential campaign was thrust on to the defensive by allegations of adultery, yesterday faced charges that he dodged the draft during the Vietnam War.

Although Mr Clinton dismissed the charges as "old news", similar charges dogged Vice President Dan Quayle during the 1988 election campaign and may not be so easily brushed aside.

The Arkansas governor is the front-runner for the Democratic presidential nomination, and the latest controversy comes less than two weeks before the February 18 New Hampshire primary election, the crucial first test of the 1992 campaign.

The Wall Street Journal reported yesterday that Mr Clinton promised in 1969 to enter a reserve officers' training programme (ROTC) at the University of Arkansas, enabling him to secure a deferment from the draft.

However, Mr Clinton, then a Rhodes Scholar at Oxford and one of the outstanding students in his state, backtracked on his promise, failing to enter either the University of Arkansas or the ROTC. On his return from England, he entered Yale University.

By that time, the draft laws had changed and a draft lottery existed. Mr Clinton's number, based on his birthday, was 311; since no-one with a higher number than 195 was called to service in Vietnam, Mr Clinton, like many privileged young men of his generation, escaped combat duty.

In 1988, Mr Quayle was accused of using political influence to secure a place in the Indiana National Guard. Unlike Mr Quayle, however, Mr Clinton came from a poor family in the south and prospered because of his academic ability.

Mr Clinton, campaigning in New Hampshire, said: "This is an old story that was widely reported in 1978 and has been regularly recycled by the Republicans."

Until yesterday he appeared to have weathered a storm over accusations by a former cabaret singer that he engaged in a 12-year-affair while Arkansas governor.

Boskin's silence on fiscal trends speaks volumes

By Michael Prowse in Washington

IN ONE of Sir Arthur Conan Doyle's detective stories, Sherlock Holmes draws attention to the dog that failed to bark in the night. Readers of this year's Economic Report of the President may find themselves perplexed by an equally singular omission: the absence of detailed discussion of budgetary trends.

The 423-page report is the annual showpiece of the President's Council of Economic Advisers, headed by Mr Michael Boskin, an economist from Stanford University. The administration distributes about 45,000 copies, many to colleges. Economists regard it as one of the most authoritative sources of information about US economic trends.

Most economists regard the shortage of national savings as a key problem facing the economy. This is exacerbated by huge budget deficits, which count as negative saving by the public sector. Mr Boskin ignores the deficit, presumably because trends have deteriorated badly during his three-year tenure. This year's deficit is expected to hit $400bn (£220.9bn) or 6.7 per cent of gross domestic product – bigger than the largest deficits during the Reagan years.

For the first time in memory, the White House is not forecasting a return to budget balance in the medium term. After allowing for the cyclical state of the economy and exceptional items (such as the cost of bailing out bankrupt savings and loan institutions), the "structural" budget deficit is forecast to fall from $268bn this fiscal year to a trough of $190bn in 1996. It then begins rising again, driven by rapid growth of spending on "entitlement" programmes such as health care for the elderly.

This outlook – similar to predictions by independent groups such as the Congressional Budget Office – is probably too optimistic. The administration has repeatedly underestimated growth of spending and exaggerated its ability to raise tax revenue.

Many economists may feel shortchanged by Mr Boskin's failure to address the principal problems facing the economy. By glossing over adverse fiscal trends, he is encouraging complacency in Congress, which may well pass bigger tax cuts than proposed by Mr Bush in last week's budget. Given spending trends, the figures suggest the US needs a tax increase of 2-3 percentage points of GDP if it is to eliminate its deficit and rebuild national savings.

The report fleshes out the budget prediction that a sustained economic recovery will begin in the spring and gather pace through the year. If Congress passes Mr Bush's "growth package" Mr Boskin expects the economy to grow by 2.2 per cent between the final quarters of 1991 and 1992. If the package is rejected, he predicts growth of only 1.6 per cent. In future years, the measures will ensure growth of about 3 per cent compared with 2.6 per cent if the package is not passed.

This time last year Mr Boskin (and many private sector economists) wrongly forecast economic recovery last spring. Recovery is more likely this year because interest rates are lower and companies and individuals have begun to pay off debts accumulated in the 1980s. However, predictions of an early upturn are not yet supported by data.

Mr Boskin fails to explain how the president's economic package will raise growth by as much as 0.4 percentage points a year over the medium term. Most of the proposed tax changes – such as incentives for corporate investment and home ownership – are temporary and will cost little in lost revenue.

It is thus hard to see why growth should be boosted, not just this year but as far off as 1996 and 1997. Some will say Mr Boskin has bowed to political pressure and exaggerated the economic potency of the president's package.

Critics of the administration have argued that much of the prosperity of the 1980s was illusory. Statistics are often quoted which appear to show that the incomes of middle-class families have stagnated since the early 1970s. Mr Boskin's report attempts to debunk such claims.

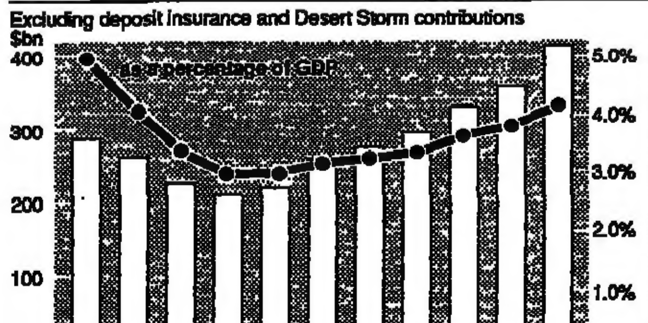
But he concedes the central point that a rapid slowdown in productivity growth in the past two decades has caused incomes to rise much less fast than immediately after the Second World War.

Most economists say the root cause of low investment is a low rate of domestic saving. Net savings by the private and public sectors combined is estimated to have fallen to about 2 per cent of net national product by the end of the 1980s – a decline of about 75 per cent relative to previous decades. The growth of federal budget deficits accounts for a large portion of this decline in savings. This is a dog that many analysts believe should have barked loudly in Mr Boskin's report.

The 1992 Economic Report of the President is available from the US Government Printing Office. Washington DC 20402-9328.

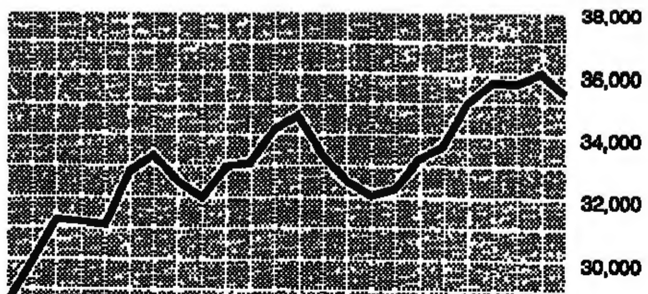
US budget deficit outlook

Excluding deposit insurance and Desert Storm contributions



Source: Congressional Budget Office

Real median family income



Source: Department of Commerce and Department of Labour

Warning for press after politicians' revelations

By Richard Evans, Raymond Snoddy and Neil Buckley

LORD McGREGOR, chairman of the Press Complaints Commission, appealed to newspapers yesterday to exercise restraint in the wake of the revelations about the private life of Mr Paddy Ashdown, the Liberal Democrat leader

His plea came as the Labour and Liberal Democrat parties launched inquiries into break-ins at offices at Westminster and throughout the country to discover whether they were simple burglaries or had a more sinister motive.

Scotland Yard said it would consider setting up a "dirty tricks" squad to investigate whether the spate of break-ins had been politically motivated as soon as a formal request for an inquiry was received.

In a personal statement, Lord McGregor warned newspapers of "the dangerous consequences in the pre-election period of mixing political reporting with irrelevant commentaries upon the private lives of political figures".

He reminded the press that, following the Calcutt Committee report on privacy, it had been given 18 months to prove that self-regulation could work and that the 18 months ran out in July. "A return to the pre–Calcutt performance will certainly result in a law of privacy and a statutory body with legal powers to enforce sanctions against the press."

Lord McGregor's warning came as concern mounted that the willingness of some newspapers to pay large sums for material that compromises public figures might have led to more theft of personal papers and computer records.

Most politicians incline to believe that the break-ins were unrelated rather than a conspiracy by a political party or the security services.

The theft of damaging personal papers last month from Mr Ashdown's solicitors lent initial credence to the conspiracy theory, but police said they regarded the thief's discovery of the papers as a fluke. A man was arrested in Brighton yesterday in connection with the burglary.

The Liberal Democrats published a list of burglaries at party offices and plan to call for a police inquiry when more details have been collated.

At least seven Labour MPs have had their Westminster offices burgled in the past six months. These include the theft of computer disks, party documents and private correspondence from Mr John Cunningham, Labour's campaign co-ordinator, and Mr John Prescott, transport spokesman.

Conservative Central Office listed 35 constituency office burglaries in the past 18 months, including one in Bath, where Mr Chris Patten, party chairman, is MP.

Joe Rogaly, Page 11

SFO chief takes public prosecution job

By Robert Rice, Legal Correspondent

MRS BARBARA MILLS QC, director of the Serious Fraud Office, is to be the new director of public prosecutions (DPP).

Mrs Mills, 51, the first woman to hold the office, replaces Sir Allan Green QC, who resigned in October after he was stopped by police for alleged kerb crawling in the red-light district of King's Cross, London.

Announcing the appointment three months after Sir Patrick Mayhew QC, the attorney general, decided to advertise the £77,000-a-year post for the first time, the Crown Prosecution Service (CPS) said yesterday Mrs Mills would take up her job after her successor at the SFO had been appointed.

In a brief statement issued by her office, Mrs Mills said: "I am honoured to have been appointed as DPP. I have a very high regard for the work of the CPS and am proud to have been chosen to head it."

Mrs Mills said that she was sorry to be leaving the SFO, which had proved itself to be a valuable part of England's prosecution structure.

She leaves the SFO after only 18 months, at a time when it is facing mounting criticism for its handling of the alleged conspiracy arising out of the 1987 failed £837m Blue Arrow rights issue.

Her successor, the SFO's third head in its 3¾-year history, will inherit three of the biggest fraud investigations undertaken: the collapse of the Polly Peck fruit and electronics empire; the Bank of Credit and Commerce International; and the Maxwell empire.

Her move also comes at a difficult time for the CPS, which is under scrutiny by the Royal Commission on Criminal Justice which was set up after the release of the Birmingham Six last year. The Commission is widely expected to recommend an enhanced role for the CPS in police investigations.

Her appointment was welcomed by solicitors and barristers. The Bar Council said she was the right person to carry on the task begun by Sir Allan of enhancing the morale and standing of the CPS and of attracting graduates of quality into the legal service.

Mrs Mills arrived at the SFO in September 1990 in time to bask in the glory of the successful first Guinness prosecution in which she appeared as second Crown prosecutor – the SFO's only significant success to date.

Her appointment as DPP is likely to raise again questions about her husband's business career. He resigned in 1987 as deputy chairman of the London Docklands Development Corporation after it was disclosed that a company with which he was connected had been convicted under trading standards law.

Observer, Page 10

Climate of fear settles on sectarian Belfast

Eight murders this week have raised concerns over security in Ulster, **writes Tim Coone**

ON the street corner adjoining the Belfast bookmaker's shop, where five Catholics, including a 15-year-old boy, were murdered by Loyalist gunmen on Wednesday, a sign says "Hatfield Street – best kept street 1990."

Yesterday flowers had been taped to the shuttered front of the shop, facing the Ormeau Road. More ominously, an IRA symbol has been painted there as well.

The streets off the Ormeau Road are home to a Catholic enclave, bordered by several Loyalist neighbourhoods. It has been the scene of numerous paramilitary killings over the past 20 years.

The attack, which followed the murder on Tuesday of three people by an off duty officer in the RUC – the Ulster police force, has created a new atmosphere of fear in Belfast's sectarian suburbs.

A cousin of Mr Peter McGee, one of Wednesday's victims, said: "We are afraid. This sort of thing means there are going to be queues of people to join the IRA, especially the youngsters. There is so much unemployment here, they have nothing else to do".

The fear of an upsurge in violence has grown in Catholic and Protestant communities. Many residents fear that paramilitary groups could take advantage of the vacuum created by the failure of Mr Peter Brooke, the Northern Ireland secretary, to get the main political parties in the North to return to the negotiating table.

In the past six weeks, 26 people have been killed in Northern Ireland by paramilitaries of both sides. The Loyalist Ulster Freedom Fighters (UFF) have claimed responsibility for both the RUC officer's attack on the Sinn Fein office and for the betting shop slaughter. They said they were in retaliation for an IRA bomb attack last month which killed eight Protestant workers.

The UFF warned that its attacks will continue. But in Dublin yesterday, the IRA claimed in a statement it "will not be drawn into sectarian killings which suit only the British."

Officials of Sinn Fein, the political arm of the IRA, claim that the UFF is a "Frankenstein monster" created by the British Army to counteract the IRA, but which has since got out of control. Such allegations are fiercely denied by the security forces.

Sinn Fein, however, claims its argument was verified this week by the jailing in Belfast of Brian Nelson, an army intelligence agent who infiltrated the Ulster Defence Association, regarded as a front for the UFF.

Nelson was jailed for 10 years after admitting conspiracy to murder five men and other terrorist charges.

The RUC, meanwhile, says that over the past year, the UFF leadership has been reorganised and taken over by younger hardliners. In 1990, 18 killings were attributed to the Loyalists, and 32 in 1991. In the past week alone, they have killed nine more.

Mr Sean McKnight, a Sinn Fein councillor for Belfast, has also suggested that Tuesday's killings were not the work of a lone gunman, as claimed by the RUC. A police spokesman, however, said: "At this stage there is absolutely no indication that there was an accomplice."

Mr McKnight says there is a sense of insecurity in the Catholic community. "It may sound paranoic, but a lot of people have begun talking about conspiracy theories," he said.

Those theories were being aired along the Ormeau Road yesterday. A friend of Mr McGee, the betting shop victim, said: "People here are talking about a cover-up. I would feel safer with the IRA protecting us than the RUC".

Residents and officers of the security forces gather outside the betting shop, where five people were killed this week

Four jailed over theme park failure in 17-month trial

By Paul Cheeseright, Midlands Correspondent

FOUR MEN were jailed and another was fined yesterday at the end of the UK's longest criminal trial, on charges connected with the 1985 collapse of the Britannia theme park at Shipley, central England, with debts of £9.34m.

Mr Peter Kellard, whose company built the theme park, was sentenced to four years imprisonment and disqualified as a director for five years after being found guilty of 19 fraud charges.

The case covered charges of fraudulent trading, theft, deceit in order to obtain bank loans and project finance, and the shuffling around of assets to keep them out of the hands of a receiver and to provide funds for the directors of KLF (UK), Mr Kellard's company, and its subsidiaries.

The trial lasted 17 months, the jury heard 158 prosecution witnesses and 28 defence witnesses.

The crimes occurred between 1980, soon after KLF negotiated a lease with Derbyshire County Council for the site, and September 1985, when merchant bank Samuel Montagu, which provided £3.7m of finance, called in receivers.

There were another 608 creditors, including 203 local businesses, owed up to £20,000 each. Britannia Park was open for three months, half-finished, before receivers were called in.

The trial started, after four preliminary hearings, in September 1990, with six defendants, one of whom, Mr Keith Emmett, was cleared of the three charges made against him.

Mr Edward Dwyer was jailed for two-and-a-half years and disqualified for five years on six charges. Mr John Wright was jailed for six months and disqualified for three years on five charges. Mr Kenneth Page, who pleaded guilty at the start, was jailed for six months on five charges and Mr Saied Sobhkhiz, who changed his plea to guilty last year, was fined £7,500, with £25,000 costs, on two charges.

Britannia Park was devised to honour British invention. Now it exists as the American Adventure Theme Park.

GEC Alsthom wins contract for £580m gas power project

By Andrew Baxter

POWERGEN, the electricity generator, has selected GEC Alsthom, the Franco-British engineering group, as main contractor for its 1,360MW combined cycle gas turbine power station at Connah's Quay in north Wales.

The station, which will cost about £580m if a second optional phase is built, will provide power for more than 1.25m people and create about 1,000 jobs at Connah's Quay during construction. It is due to begin operating commercially in 1995.

The deal is the third big combined cycle contract in three weeks for GEC Alsthom, which now has more than 50 per cent of the UK market for this type of power equipment, and claims at least 20 per cent of the world market.

Mr Kelvin Bray, chairman and chief executive of the European Gas Turbines subsidiary, said GEC Alsthom was talking to several potential UK clients.

Combined cycle systems use exhaust gases from a gas turbine to power a steam turbine, reducing emissions and producing overall thermal efficiency of well over 50 per cent, compared with 35-40 per cent for coal-fired stations.

GEC Alsthom has a strong interest in in the UK and overseas combined cycle market, due partly to its 212-226MW Frame 9F turbine, jointly developed by GEC Alsthom and General Electric of the US. The world's largest gas turbine, it is claimed to be the most efficient at more than 54 per cent.

Yesterday's contract brings GEC Alsthom's orders for the 9F to 14. GEC Alsthom will build the gas turbines for the Connah's Quay contract at Belfort in France and the steam turbines and generators at Rugby and Stafford.

Separately, GEC Alsthom said it had won an order worth about £13m from the National Grid for a 400kV substation at Barking, east London.

● NEI Power Projects, part of the Rolls-Royce Industrial Power Group, announced a contract worth almost £20m to extend La Collette power station in Jersey.

BAe announces further job cuts at guided weapons plants

By David White, Defence Correspondent

BRITISH Aerospace (BAe) is to shed a further 450 jobs in its guided weapons plants by May and has warned of more redundancies if it fails to win a £700m competition to make a new RAF missile.

The cuts announced yesterday follow deep reductions elsewhere in the defence industry. In the past week, about 350 job losses have been announced at Vosper Thornycroft, the Southampton-based shipbuilder, and 600 at the VSEL submarine yard at Barrow-in-Furness, Cumbria.

According to union officials, 40,000 job losses have been announced in the defence industry since the government first outlined its plans for arms forces reductions in mid-1990.

The latest BAe cuts will reduce the workforce in its Dynamics division, which makes guided weapons, to 6,000 compared with 16,500 three years ago. Details of the job losses were circulated to company employees yesterday in a document asking for volunteers to join an early-release plan.

All three of its main remaining sites are affected, with the principal Stevenage plant in Hertfordshire losing 300 out of 4,000 jobs. A further 130 will be lost at Lostock, Lancashire, and 20 at Bristol. Large sites at Hatfield, Hertfordshire, and Bracknell, Berkshire, have already closed.

Mr David Laybourn, the division's managing director, said delays in procurement decisions, both in the UK and overseas, were "increasing the pressures" on the company.

BAe is anxiously awaiting a decision on the future of its Advanced Short-Range Air-to-Air Missile (Asraam), which would provide it with its biggest single source of business. It is competing for the RAF contract against rival weapons proposed by GEC-Marconi in collaboration with Matra of France and by BGT of Germany.

"If an early positive decision is not forthcoming on Asraam, our ability to bid for or undertake major guided weapons projects for the Ministry of Defence will be damaged," Mr Laybourn warned.

BRITAIN IN BRIEF

Conflict likely on maternity benefits in EC

Mr Michael Howard, the employment secretary, looks set for a new battle with the European Commission and other European Community countries over EC plans to improve minimum standards for maternity benefits.

The European Parliament, backed by several member states, could overturn an Anglo-Dutch compromise which entitled women to a minimum of 14 weeks pay at the same level as workers unable to work for health reasons.

The Strasbourg parliament is expected to amend the compromise to give pregnant women entitlement to 75 per cent of average earnings for 14 weeks.

Electricity bills likely to be cut

Eight regional electricity companies are to return a total of £35m to their domestic customers because of overcharging last year. The money will be returned in the form of lower tariffs rather than in cash.

The overcharging resulted from the sharp fall in the rate of inflation last year. Electricity companies have to announce their tariffs in advance using assumptions about the likely level of inflation, and these turned out to be too high in many cases.

The agreement to refund customers followed action by Prof Stephen Littlechild, the director general of electricity supply, who regulates the industry.

Lex, Page 12

UK retailers under threat

UK retailers have been warned about the threat posed by the US warehouse clubs which have had a "devastating price impact" on the traditional supermarket industry in their home market.

Mr Tony MacNeary, an analyst at stockbrokers County NatWest, told a retailing conference in London that Costco, one of the biggest US clubs, planned to open two stores in the UK within the next 18 months. Warehouse clubs, dubbed the "silent enemy" in the US, sell a limited range of deeply-discounted goods from enormous but rudimentary stores.

Morita queries executive policy

Mr Akio Morita, the chairman of the Sony Corporation, has questioned the way senior executives are promoted in British industry by declaring that accountants should not run manufacturing companies.

Speaking in London, Mr Morita contrasted Japan, where almost every major manufacturing group is run by an engineer or technologist, with the UK, where a significant proportion of manufacturing companies are run by executives with a background in accountancy.

Mr Morita said the senior executives of a company had to be committed to technology and engineering to promote innovation in management.

New car sales fall by 6%

UK new car sales fell by 6 per cent in January to 158,682, the lowest January total since 1982. Sales have fallen by 20.2 per cent in the last three years.

As the recession in the UK new vehicle market deepened further new commercial vehicle registrations fell in January by 17.2 per cent to 16,677. Commercial vehicle sales have dropped by 58 per cent in the last three years.

Brussels gives aid to Ulster

The European Commission has approved £18m to support the Northern Ireland economy.

The move came despite the continuing row with the British Government over the use of funds from the EC's regional policy. Commissioner Bruce Millan, responsible for allocating cash support for Community regions, has already blocked more than £100m in assistance to British coal-mining areas.

But the Commission cleared a total of £18m to boost small businesses, telecommunication services and research and technology in Northern Ireland.

Editorial Comment, Page 10

London house values fall

Falling prices have meant that the value of London's housing stock has dropped by £27bn since 1988, according to figures published by the Association of London Authorities.

The association's figures are based on average prices paid by Halifax Building Society customers. In London as a whole, average house prices fell from £104,900 in late 1988 to £89,200 in late 1991, a decline of 15 per cent representing an average loss of £15,700 per house.

Power group gets train order

The long-delayed order for Channel tunnel sleeper trains is to be awarded to GEC Alsthom, the Franco-British power group, British Rail said yesterday.

The decision to place the contract - thought to be worth £115m - clears the way for night trains to start running from Britain's regions to Paris and Brussels from late in 1994.

There will also be two Continental sleeper services from London each night: one to Amsterdam, and the other to Cologne, dividing into portions for Dortmund and Frankfurt.

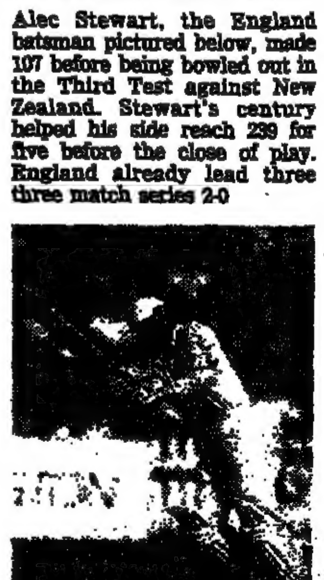
More directors disqualified

The number of directors disqualified in criminal proceedings brought by Department of Trade and Industry's investigations division doubled in the final quarter of 1991.

A total of 28 directors were disqualified following reports from Official Receivers on bankruptcies and company liquidations, compared with 14 in the previous quarter. Four were disqualified for ten years, two for seven and 13 for five years.

Stewart on form

Alec Stewart, the England batsman pictured below, made 107 before being bowled out in the Third Test against New Zealand. Stewart's century helped his side reach 239 for five before the close of play. England already lead three three match series 2-0



BUSINESSES FOR SALE

Allied Partners Group plc

The Joint Administrative Receivers, Philip Ramsbottom and Peter Terry, offer for sale the businesses and assets of the following companies:

Allied Accommodation Limited
M40 Oxfordshire

The Joint Administrative Receivers offer for sale, as a going concern, the business and assets of Allied Accommodation Limited, who operate in the business of hire and sale of portable accommodation.

Principal features include:

- Customer list of 3000 mainly "Blue Chip" companies.
- Fleet of 2700 well maintained cabin units.
- 8 depots providing nationwide coverage.
- High quality experienced management and employees.
- Substantial forward income stream.

For further information contact the Joint Administrative Receiver, Mike Blake, KPMG Peat Marwick, Abbots House, Abbey Street, Reading RG1 3BD.
Tel: 0734 505555. Fax: 0734 589285

Malcolm West Plant Hire Limited

The Joint Administrative Receivers offer for sale, as a going concern, the business and assets of Malcolm West Plant Hire Limited, a leading distributor and operator of Forklift trucks incorporating associated service and repair activities.

Principal features include:

- Attractive, modern, purpose built premises situated in Hull and Immingham.
- Extensive hire fleet.
- Wide customer base.
- Committed management team and experienced workforce.
- Turnover of approximately £3.5 million per annum.

For further information contact the Joint Administrative Receiver, Julian Whale, KPMG Peat Marwick, 1 The Embankment, Neville Street, Leeds LS1 4DW.
Tel: 0532 313000. Fax: 0532 313183.

Elgie Plant Limited

The Joint Administrative Receivers offer for sale, as a going concern, the business and assets of Elgie Plant Limited.

Principal features include:

- Established Plant Hire business
- Proven profitable trading history.
- Turnover approximately £750,000 per annum.
- Freehold site, 9000 sq.ft. building housing offices, workshop, fabrication shop and paint bay; 1/3 acre of land in Thornsby, Cleveland.
- Good quality customer base.

For further information contact the Joint Administrative Receiver, Geoff Adams, KPMG Peat Marwick, Maybrook House, 27 Grainger Street, Newcastle upon Tyne NE1 5JT.
Tel: 091 232 8815. Fax: 091 232 8615.

Tiger Rail Limited

The Joint Administrative Receivers offer for sale, as a going concern, the businesses and assets of Tiger Holdings Limited.

The company, based in Victoria, London was established in 1972 and has become one of Britain's leading railway wagon hiring operators.

Principal features include:

- Large and varied specialist rail wagon fleet.
- Established customer base.
- Dedicated and experienced managers, engineers and operators.
- Uniquely approved and tested bi-modal road/rail capability.

For further information contact the Joint Administrative Receiver, Roger Oldfield, KPMG Peat Marwick, 20 Farringdon Street, London EC4A 4PP.
Tel: 071 236 8000. Fax: 071 248 1790.

Adapta Units Limited
Steel Building Systems Limited

The Joint Administrative Receivers offer for sale, as a going concern, the business and assets of Adapta Units Limited and Steel Building Systems Limited, major manufacturers of Steel and Timber modular and portable buildings.

Principal features include:

- Freehold Property of approximately 2.4 acres.
- Office accommodation and manufacturing facilities.
- Combined turnover of approximately £3m.
- Skilled and experienced workforce.
- In house steel design team.

For further information contact the Joint Administrative Receiver, Julian Whale, KPMG Peat Marwick, 1 The Embankment, Neville Street, Leeds LS1 4DW.
Tel: 0532 313000. Fax: 0532 313183.

Forklift Truck Distribution Maintenance and Hire Company

The Joint Administrative Receivers offer for sale the business and assets of United Forktrucks Limited and United Forktrucks (Distribution) Limited.

Principal features include:

- UK distributor for TCM Forktrucks.
- Head Office based in Mirfield, West Yorkshire with seven depots nationwide.
- Freehold property and Leasehold premises.
- Turnover in excess of £7m.
- Plant machinery and equipment.

For further details contact the Joint Administrative Receiver, Peter Terry, KPMG Peat Marwick, 7 Tib Lane, Manchester, M2 6DS.
Tel: 061 832 4221. Fax: 061 832 7265.

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THREE SALMONS HOTEL LIMITED
(IN ADMINISTRATIVE RECEIVERSHIP)

The Joint Administrative Receivers offer for sale the business and assets of the following hotel premises:-

ST MELLONS COUNTRY HOTEL

* 3 Star RAC rating.
* 30 Bedroom hotel in St Mellons, Glamorgan. 4 Function Rooms.
* Turnover c. £950,000.
* 35 employees.
* Leisure complex including squash and tennis courts, gymnasium and swimming pool.

THREE SALMONS HOTEL

* 14th Century Hotel in Usk, Gwent.
* 2 Star RAC and AA rating.
* 23 Bedrooms.
* 2 Function Rooms.
* Turnover c. £500,000.
* 18 employees.

BEAR HOTEL

* 34 Bedroom hotel located in Cowbridge.
* 2 Function Rooms.
* Turnover c. £550,000.
* 13 employees.

NEW HOUSE COUNTRY HOTEL

* 5 Bedroom hotel in Thornhill, Cardiff.
* 28 Bedroom additional accommodation ready to open.
* 3 Function Rooms.
* Turnover of c. £550,000.
* 16 employees.
* Star rating subject to new development.

For further information please contact David Lovett or Simon Allport:
Arthur Andersen & Co.,
1 Victoria Square, Birmingham B1 1BD.
Tel: 021-233 2101. Fax: 021-643 7647.

Arthur Andersen & Co is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

ARTHUR ANDERSEN

Touche Ross

La Lupa Holdings Limited t/a Queens Park Club
(In Administrative Receivership)

The Joint Administrative Receivers offer for sale as a going concern, the business and assets of this Bournemouth based private members sports and leisure club.

- ☐ Freehold property in grounds of approximately 1 acre.
- ☐ Membership base in excess of 1,000.
- ☐ Facilities include indoor swimming pool, 3 squash courts and fully equipped gymnasium.
- ☐ A La Carte Restaurant, 2 bars and discotheque, conference and private function facilities.

For further details, please contact the Joint Administrative Receiver, Harold Wilks or Matthew Broadbent at the address below.

Mountbatten House, 1 Grosvenor Square, Southampton SO1 2BE.
Tel: 0703 334124. Fax: 0703 330948.

DRT International

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Residential Care Homes
Care Concern International Ltd. (In Receivership)

- Operates four residential care homes in North Wales, specialising in the care of people with learning disabilities.
- Annual turnover approximately £3 million; operating profitably.
- Approximately 220 employees.
- Well established reputation in a specialist market dealing with around 50 local authorities.

Barkcoin Ltd. (In Receivership)

- Owns the four freehold residential care homes operated by Care Concern International Limited (In Receivership).
- Owns prime agricultural land and property at Sealand, near Chester.
- Owns 13,500 square feet of freehold offices at Sealand, Chester.

For further information, please contact:
IC Powell ACA or AJP Brereton FCA,
Price Waterhouse, York House, York Street,
Manchester M2 4WS. Tel: 061 228 6541.
Fax: 061 236 1268.

Price Waterhouse

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Colliers Stewart Newiss
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Tel: 0532 454433
Fax: 0532 459437

COLLIERS STEWART NEWISS

Laser Engineering Ltd.
(In Receivership)

The business and assets of the above company, incorporating the businesses known as Spencer Franklin Engineering and Newton & Bennett Engineering, are for sale as a consequence of Receivership.

The businesses offer:

- Manufacturers of hydraulic valves, clamping and work-holding equipment, shock absorbers and hydraulic power packs.
- Blue chip customer base.
- Strong order book and annual sales of approximately £5 million.
- Skilled and loyal workforce of approximately 130 employees.
- Substantial leasehold premises in Burgess Hill, West Sussex.

For further information, please contact:
MD Gercke FCA, Price Waterhouse, Bridge Gate, 55/57 High Street, Redhill, Surrey RH1 1RX.
Tel: 0737 766300. Fax: 0737 779542.

Price Waterhouse

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Please contact Phil Bailey
KPMG Peat Marwick
Tel: 0532 313000 Fax: 0532 313200

KPMG Corporate Finance

PUBLIC NOTICES

A dissatisfied customer/shareholder of the Midland Bank would like to hear from other likeminded shareholders with a view to passing a resolution that the Midland Bank be restrained from taking action to prevent publication of a document critical to the Midland at the A.G.M.
Please contact C T Sullivan
Write Box No: Financial Times, One Southwark Bridge, London SE1 9HL

LEGAL NOTICES

INSOLVENCY ACT 1986
PRS CONSULTING INTERNATIONAL LIMITED
(IN ADMINISTRATIVE RECEIVERSHIP)

A meeting of the creditors of the above-named company will be held under the provisions of section 48 of the Insolvency Act 1986 at Becket House, 1 Lambeth Palace Road, London SE1 7EU on 21 February 1992 at 3.00pm to receive a report of the joint administrative receivers and to decide if a committee of creditors should be appointed. Creditors whose claims are wholly secured are not entitled to attend or be represented at the meeting.
A written statement of claim must be lodged with the joint administrative receivers by 12 noon on the day before the meeting at Ernst & Young, Becket House, 1 Lambeth Palace Road, London SE1 7EU.
A proxy form must be lodged with the joint administrative receivers before the meeting.

W. M. Roberts
Joint Administrative Receiver
30 January 1992

QUESTEL QUALITATIVE STUDIES LTD

Registered number 814730
Nature of business MARKET RESEARCH
Trade classification 38
Administration Order made:
27 JANUARY 1992
Joint Administrators:
(office holder no JOHN TALBOT - 2731

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COMPANY NOTICES

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Ordinary Shares of 5p

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members will be CLOSED for one day only on 21 February 1992.

7 February 1992

By Order of the Board
J. D. Loveridge
Group Secretary

1 Temple Avenue
Victoria Embankment
London EC4Y 0HA.

LEGAL NOTICES

The Insolvency Act 1986

MAXWELL LEGAL SERVICES PLC

Registered number: 2192167
Nature of business: Legal Services
Trade classification: 38
Administration Order made: 27 January 1992

Joint Administrators (office holder no)
John Talbot - 2731.

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FINANCIAL TIMES

TECHNOLOGY

Genetic search for CF cure

Two new approaches to the genetic treatment of cystic fibrosis, Britain's most common inherited disease, will be developed at St Mary's Hospital Medical School in London.

Bob Williamson, professor of biochemistry and molecular genetics, yesterday announced details of a £1m research programme, funded by a gift to the Cystic Fibrosis Research Trust from the late Leopold Muller, a London hotelier.

US scientists are planning to use genetically engineered human viruses (either adenoviruses or retroviruses) to carry correct copies of the CFTR gene, which is defective in cystic fibrosis, into the lungs of CF patients.

The St Mary's group will develop a different type of virus – bacteriophages which normally infect bacteria rather than human cells – to carry the CFTR gene into the lungs. A potential advantage of the bacteriophage approach is that it removes some safety concerns associated with genetically altered human viruses.

For the long term, the St Mary's scientists are working on a second, more radical approach. They will construct artificial "mini-chromosomes" to add to the complement of 46 chromosomes which contain the natural genetic material in human cells.

The mini-chromosome would be large enough to carry the CFTR gene and all its associated control sequences, to ensure that the cells produce the missing protein in the right quantities. Some of these control sequences have to be removed when viruses are used, because there would otherwise be too much DNA for the virus to carry.

If mini-chromosomes can be made to replicate alongside all the normal human chromosomes when cells divide, gene therapy would treat the disease once and for all; viral techniques, on the other hand, will almost certainly require repeated treatments. And mini-chromosomes could in theory to expanded to carry more than one human gene, to treat multiple genetic disorders including heart disease.

Clive Cookson

The London Ambulance Service is improving the way it cares for accident victims, says **Alan Pike**

A speedy recovery

Every day in London some 2,000 calls are made to the accident and emergency ambulance service.

Each caller has the same motive – to get the victim of a sudden serious illness or accident transported to hospital as quickly as possible. For some patients, however, the prospects of recovery will depend on the quality of treatment received before they reach the hospital gates.

The speed with which a patient begins getting appropriate medical attention after a life-threatening incident often influences the chances of survival. This means beginning treatment at the scene rather than in hospital, and Britain's ambulance services are upgrading both their technology and training to make them better equipped for this task.

Stage one of any treatment involves the ambulance service reaching the scene of an incident. In London this is not always easy.

The London Ambulance Service, the biggest in the world, is currently investing heavily in new equipment and extending the technical skills of its crews. But it has some of Britain's poorest response times. This is caused by the capital's traffic problems and, in a service which serves 7m people, a huge element of unpredictability in demand. While 2,000 emergency calls is the daily average, there were 800 during a single hour of a recent icy morning.

Computerisation of the control room at the service's Waterloo headquarters, which begins this month, should improve the speed and efficiency with which ambulances are despatched to incidents.

Under the existing manual system details of emergencies are written down by telephone operators and then passed across the control room to despatch clerks. The clerks locate an ambulance from a manually-updated file of available vehicles and relay details of the incident by radio to the ambulance or telephone to its local station.

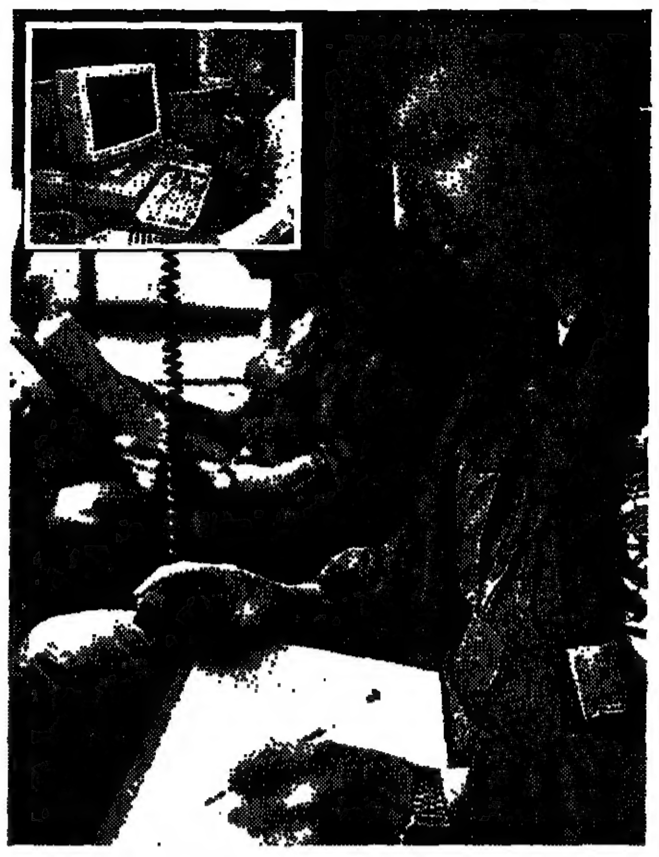
In future the precise location, direction of travel, speed and availability of each of the capital's accident and emergency ambulances will be pinpointed on computer screens in the control room which display street maps of London. The information will be updated every 13 seconds.

This moving picture of available resources will make it much easier for controllers to identify the ambulance nearest to an incident, and create a more flexible and mobile service in which the fixed-location ambulance station will decline in importance. A controller receiving a call will type the details into the computer. They will then be transmitted to a terminal in the ambulance.

The computer will prompt controllers to ask telephone callers reporting incidents a series of simple questions – is the patient conscious? bleeding? – which will help to ensure that the most highly trained crews attend incidents where their skills are required.

London Ambulance Service managers also plan an experiment in giving first-aid advice over the telephone while the ambulance is on its way to an emergency. A few basic steps to prevent choking or stem profuse bleeding may preserve life until qualified help arrives.

Other measures are also being used to get emergency medical assistance to serious incidents more rapidly. Paramedics patrolling central London on motorcycles are proving their worth at overcoming traffic jams, in some cases beginning stabilisation of patients within a few minutes of a call.



Quick response: ambulance location updated every 13 seconds

The paramedics are central to the current efforts to develop Britain's ambulance crews into a highly qualified front-line emergency medicine service. The government intends that all accident and emergency ambulances carry a paramedic by the mid-1990s.

Paramedics are trained to perform life-saving functions like the resuscitation of heart attack victims, the insertion of tubes to maintain airways and the intravenous replacement of fluid after severe blood loss which previously had to await a patient's arrival at hospital.

Before attending the initial seven-week paramedic training course ambulance staff must have at least two years' accident and emergency experience and then, after qualifying as paramedics, face periodic re-testing.

Medical procedures are usually most successfully carried out by people who perform them regularly. Some ambulance managers believe it could prove counter-productive to have too many paramedics, since they would spend much of their time attending routine incidents which did not require their expertise.

Equipment is being evaluated which would enable London paramedics to carry out electro-cardiograph tests, possibly transmitting the images by cellphone to hospital doctors for advice on what action to take.

Accident and emergency ambulances are being redesigned, with fewer windows to provide more storage space for high-technology equipment like cardiac defibrillators, resuscitators and traction splints, and give paramedics a better-designed working-area. London's new Leyland DAFs, converted by Customline, carry only one stretcher case rather than the traditional two – it is demanding enough for a single paramedic to care for even one patient while speeding through traffic, says Barry Home, the London Ambulance Service's special services manager.

Technological advance will continue to increase the range of life-saving equipment which it is possible to load into ambulances. "But ultimately the decision-making skills of the paramedic are as important as knowing how to carry out procedures and use equipment," says Home.

"The person on the spot must decide what action to take in what is always a unique situation. It means paramedic training and experience must be of the highest quality."

Relief in sight for asthma sufferers

A BREAKTHROUGH in the treatment of severe asthma could open up the way for a new range of anti-asthma drugs.

Doctors at the Royal Brompton National Heart & Lung Hospital and the London Chest Hospital have found that cyclosporin A, a drug used to suppress organ rejection after transplant surgery, produced a marked improvement in chronic asthma sufferers.

At the moment most patients need high doses or oral steroids, which can produce side effects.

The cyclosporin A drug works by suppressing the T lymphocyte immune cells in the body. Researchers at the Royal Brompton hospital have suspected for some time that these white blood cells play an important role in causing asthmatic symptoms.

The results of their research, published in this week's The Lancet, mean drugs could be developed in the future which treat asthma effectively but are less toxic and more selective than today's treatments.

PC mini-modem switches to radio

A MINI modem which could enable users of palmtop and notebook PCs to send data across radio networks has been launched in North America by Ericsson GE, of Paramus, New Jersey.

Mobidem, as it is called, weighs less than one pound and can be connected to any PC with a standard serial port. It then transmits data at the rate of 8 kilobits per second over the Mobitex packet-switched data network operated in the US by Ram Mobile Data and in Canada by Rogers Cantel. This eliminates the need for PC users to find a phone socket in which to plug their "wireline" modems.

In addition, the Mobidem acts like a radiopager by constantly scanning the network for incoming messages which it can store when the PC is turned off. The Mobidem will sell for $1,795 (£1,000).

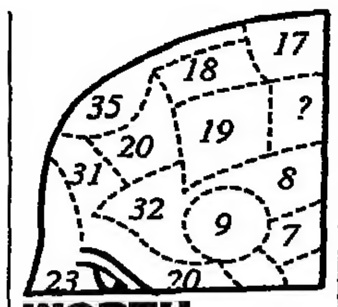
Taking a shine to glare-free specs

SPECTACLES with coatings to minimise glare from the sun are relatively common in many continental European countries. But in the fragmented UK and the US retail optical markets the cost of the coating equipment has hampered the take-up.

Applied Vision, of Leicestershire, was set up to tackle this problem. The result is a coating machine which costs £80,000 to buy, less than a fifth of most existing models. It is also less expensive to operate.

The machines uses a technique called ion sputtering, in which the surface to be coated is excited electro-magnetically, attracting the ions in the coating. The ions bombard the lens and stick to it.

Each lens takes about one hour to coat, making the technique suitable for high street opticians who promote themselves on the speed of their service.



WORTH WATCHING

by Della Bradshaw

Voice recognition gets into gear

A PROFESSOR at the University of Ohio is using voice recognition technology to cut production times for small- and medium-sized manufacturers, writes Larry Donovan.

To make a mechanical gear, for example, the software developed by Dinesh Dhamija is loaded on to the computer and a user vocabulary is built up. Then the gear is sketched on a screen by voice commands.

The monologue is straightforward. "I want a gear which works on a reduction ration 2 as to 1 and to transmit 150 horsepower."

After prompting questions about size, stress factors and materials, the computer analyses the request and comes back with some options. The model that is chosen is then open for further modifications.

When the sketch is done, the data is sent to a computer numerical control unit to make the part on site. Alternatively the data can be sent almost across a data network to a plant nearly anywhere in the world. The system costs between $30,000-$40,000 (£17,000-£22,000).

Infant formula like the real thing

ALGAE is proving the answer to finding an infant milk formula which is as close as possible to breast milk.

Powdered baby milk lacks a long-chain fatty acid called docosahexaenoic acid (DHA) which is the primary structural lipid in human brain tissue. So far there has been no satisfactory source of DHA available to the manufacturers of infant formula – one of the few sources is fish oil, but this contains other fatty acids which can retard infant growth.

Martek Corporation, of Columbia, Maryland, has found a way of extracting the compounds from an algae which has a biomass comprised of 35 per cent DHA. The resulting orange oil is extremely stable and, say the producers, has generated enormous interest among companies producing infant formula.

From battlefields to theme parks

TURNING its expertise in military simulation systems into products for the consumer market, Rediffusion Simulation, of Crawley, Sussex, has developed the ultimate in entertainment systems for children and adults alike.

The Commander, priced between £40,000-£45,000, is intended for the theme park rather than the back garden. It has enough space for two players to sit inside the sleek red machine. Using buttons and joysticks the two players interact with the scene being played out on the graphics screen.

By changing the software, under development by LucasArts Entertainment, in California, the Commander can become a spaceship, fighter plane or submarine. Compact disc quality sound intensifies the experience.

Contacts: Royal Brompton Hospital: UK, 071 352 8121. Ericsson GE: US, 201 265 6600. Applied Vision: UK, 0532 304908. University of Ohio: US, 614 593 1000. Martek: US, 410 740 0081. Rediffusion: UK, 0293 561158.

MANAGEMENT

Kidnapping

Hostage to fortunes

Neil Buckley looks at the role played by insurers

The abduction of estate agent Stephanie Slater has aroused fears that kidnapping and extortion could become one of the biggest commercial crimes in Britain.

As companies tighten security, protecting premises with closed-circuit television and installing safes that are impossible to crack or blow open, criminals may be turning to abduction and blackmail as more effective routes to a company's assets.

Insurance brokers which arrange cover against such incidents – so-called kidnap and ransom insurance – are predicting growth in what remains one of the least-publicised and most sensitive sectors of the market.

Slater's case has provoked widespread publicity because a £175,000 ransom was paid and the kidnapper – so far – has not been caught. But it was not an isolated incident. Control Risks, a company specialising in corporate security, has reported that recorded kidnaps increased 42 per cent in 1989 and 66 per cent in 1990.

Of the 4,890 kidnaps that have been recorded by Control Risks since 1975, however, only 109 were insured. Kidnap and ransom insurance has yet to catch on, possibly because of its low profile. Annual premium income is only $70m worldwide, $40m of that underwritten at Lloyd's of London.

But Gus van Lanschot, deputy managing director of Willis Faber and Dumas, the largest broker in the field, warns that the latest incident could spawn copycat cases and could prompt more companies to investigate cover.

Most K and R packages, he says, go far beyond simple indemnity against loss incurred in paying ransoms. They include advice and training from security specialists on lessening risks, and, in the event of an incident, a full "crisis management" programme.

This means an experienced consultant being assigned to the company to discuss what action to take, to manage relations with the press, the authorities and members of the victim's family, and to conduct negotiations with the kidnappers. This, insurers say, can lessen the amount of any ransom paid and often give the authorities more time to find the abductor.

Advisers can be particularly useful when the incident occurs overseas, where attitudes of the authorities towards kidnappings can be different from the softly-softly approach employed in Britain and the US.

Cassidy Davis, the largest Lloyd's underwriter of K and R policies, stresses that specific conditions are always attached. Policies provide only for reimbursement after a ransom has been paid. No insurer would pay or fund a ransom payment.

Confidentiality is paramount, and the existence of an insurance policy is never disclosed. Insured parties must always co-operate with law enforcement agencies.

Tony Colla, managing director of the risk benefits division at Sedgwick, another broker offering K and R policies, says clients range from multinational companies to wealthy individuals and small family businesses.

He advises companies to cover all employees: it is a popular misconception that the most likely targets for kidnapping are company directors.

The subject of kidnap insurance remains a sensitive one. Italy, where commercial kidnapping has been a serious problem for many years, has moved to outlaw such cover. In the 1980s the EC considered doing the same, following a call for a Europe-wide ban by Garret Fitzgerald, the former Irish prime minister. The charge is that the very availability of such cover may act as an incentive to kidnappers.

Colla counters that kidnapping has been happening for hundreds of years, while insurance policies have been available only since the early 1970s.

Stephanie Slater: released after a £175,000 ransom was paid

Making political capital of running London

Labour council leaders gather today in Blackpool for their annual local government conference, fervently hoping that a more sympathetic Labour government is on the way.

But a change of government is unlikely to reverse the revolution in the management of local authorities imposed from above over the past 13 years. Labour's plans for a new strategic London authority, published last week, reveal that the party has now moved towards accepting many of the Conservatives' management reforms such as contracting out and performance-related incentives for top managers.

According to "An elected voice for London", the new elected Greater London Authority would determine the policy guidelines for strategic services such as public transport, planning, the police, fire brigades and environmental protection. But responsibility for the delivery of these services would be assigned to a small team of "top calibre" directors who would be expected to contract out most of the work.

"Direct employment will be the least common option," the paper says. "Resources will be hired when they are needed for particular purposes and will not grow into a permanent bureaucracy." While the directors would be supported by a small team of professional staff, staffing requirements would be minimised in two ways:

- by seconding staff for particular tasks – from business and industry as well as from London boroughs and transport operators.
- by contracting out even professional services such as research and policy development to research organisations, universities and polytechnics.

Labour's advisers believe that enough Labour councillors now feel comfortable with the experience of contracting-out of local services for this radical approach to be acceptable.

The directors would be appointed on five-year renewable contracts with remuneration packages designed to attract top managers from business and commerce as well as the public and voluntary services. Their brief would be to restore the services for which they were responsible to levels which could compete with other leading European cities such as Paris and Berlin.

The blueprint for a new Greater London Authority reflects a determination among Labour leaders to find a new style of public sector management which builds on the managerial revolution launched by the Conservatives but gives an element of democratic accountability through the ballot box.

Bryan Gould, Labour's environment spokesman, says that the new model is meant to mark a break from the sort of bureaucratic superstructure which characterised the now-defunct Greater London Council.

"If it works well," says Gould, "it will offer a managerial model for the regional authorities we hope to set up in the future."

John Willman

Christopher Lorenz

Chameleons in their true colours

How times change. To be branded as either a "chameleon" or a "collaborator" always used to be an insult. The first epithet meant you were unreliable, trying to be all things to all people. The second meant you were consorting with the enemy.

But both words have suddenly become compliments, in the corporate world, at least. They indicate not only that your organisation has an above average chance of surviving the intense competitive battles of coming decades, but also that it is a rewarding place for people to work.

So says a stimulating new study on strategies and structures for fast-moving markets, which attempts to synthesize and demystify leading-edge theory and practice in virtually every walk of management.

Under the straightforward title of "Building Flexible Companies"*, it condenses into admirably simple English its discussion of some of the most jargon-ridden fashions and practices of the day: "customer focus"; total quality management (TQM); flat hierarchies and "value-driven" networks; teamwork; time-based competition; and strategic alliances.

The competitive environment of the 1990s and beyond requires companies to become two things above all, argues the report. First, they must be "change-based and adaptive" – hence the "chameleon" image. Second, they must be alliance- rather than fortress-minded, both externally towards other companies, and internally between different departments and disciplines – hence the emphasis on collaboration.

Both images are more approachable formulations of management styles advocated by various academics and gurus. The collaborator notion is close to the Harvard concept of the "boundary-less" company, while the chameleon approximates to "living with ambiguity and paradox", or just "reconciling opposites".

Thus the chameleon company must shift from being product-driven to customer-led, but without going too far, as Ford of Europe did with the design of its latest Escort car – which was based over-literally on the apparent desires of mid-1980s customers, and has proved too bland for today's.

Likewise, the chameleon company must dismantle much of the corporate hierarchy in order to be flat and fast, yet it must not abandon all co-ordination and strategic control. One company that did so, a Swedish information technology consultancy called Enator, ended up confused, undisciplined and directionless. It has since had to install various central functions, while retaining much of its decentralisation.

The chameleon company must dismantle much of the corporate heirarchy in order to be flat and fast

This theme of Yin and Yang runs through most of the report – except, oddly enough, in the sections on collaboration with other companies. Here, the authors are so intent on persuading corporations out of their traditional fortress mentalities, and into the new world of shifting alliances on almost every front, that they go in for overkill.

They are right that the traditional model of a company is of an autonomous citadel full of knowledge, capital and skills in a stable world where such attributes are at a premium.

In today's world, however, knowledge (including technology) and capital are widely available, as are most skills. In addition, markets are becoming ephemeral and liable to sudden change. So, as the study says, it is not merely uneconomic, but dangerous, for a company to try to do everything itself.

Instead, the report argues that companies must themselves learn to become ephemeral, and to exploit ad hoc alliances of knowledge, skills and capacity.

Contrary to what the authors claim, however, this does not mean that companies must "abandon fixed emplacements" and "leave behind their skills of defence". If they did so entirely, they would have nothing left to bargain and collaborate with. They would be empty shells.

Instead of going over the top in this way, the authors should have devoted more space to discussing how to balance collaboration with the fashionable and important idea of "core competencies" – to which they pay scant attention.

As expounded particularly by C. K. Prahalad of Michigan University and Gary Hamel of the London Business School, this argues that companies should first redefine what really makes them tick - Honda's engine technology, for instance, or 3M's adhesives, coatings and substrates. They should then build, leverage and defend them

The core competence concept is having a powerful effect on the corporate world. In both Europe and the US, companies are redefining and focusing their cores, investing more heavily in them, and exploiting them more. They sometimes use temporary alliances to help them do this, but by no means always; in any case, such collaboration is of a different character from that involved in sharing or contracting-out activities about which the company no longer feels proprietorial.

The chameleon company is all very well - but it must stand for something more positive, and more motivating to its managers and other employees, than merely constant change. Otherwise, like many real chameleons in the natural world, it risks being squashed underfoot.

*Business International, [illegible] in Europe, Africa and [illegible] East; $495 in Americas [illegible] Asia Pacific. Fax (44) [illegible] 194.

Don Giovanni

COVENT GARDEN

A stark, ever-changing skyscape dominates this Stygian-black Seville. The inhabitants seem dwarfed and penned by the severity of the town enclosures; but one man walks free of all confining late-18th-century rigidities and proprieties.

Greying at the temples, snake-like in sinuous control of movement, eyes flashing atop immaculate white ruff and black doublet, he stalks the streets with relaxed purpose when not poised motionless in corners, watching his victims (actual and potential) with insouciant gaze. He has a troop of heavies out of Goya at his command, money to burn, and a Sade-like determination to explore the farthest extremes of sensual pleasure: "La libertà" for him means, among other things, freedom to imprison Zerlina for a bout of bondage sex (from which she is rescued only just in time) and eat dinner off a naked woman's body. When he dies, the sky glows blood-red – and then the town relaxes back into bourgeois security: the final homily is smugly offered over a cup of coffee.

This, crudely summarised, is the dramatic rationale of the new Royal Opera *Don Giovanni* (sponsored by the Fondation Elf and the Jean Sainsbury Royal Opera House Fund). It is conducted by Bernard Haitink and produced by Johannes Schaaf in the effective and practical designs of Peter Pabst; and as one might reasonably guess after Schaaf's previous Mozart stagings in the house, it is contentious, at times fussily over-detailed – this producer has a mania for decking soliloquies with extraneous activity – and open to general reproach in its need to find plausible formulas in which to "fix" a mighty and untameable masterpiece.

But this time, it seems to me, the plusses definitely outweigh the minuses: the unfolding is swift and free of hitches, a notable Mozart cast and conductor have been engaged to vitalise its premisses into music-drama, and the title role is taken with thrilling magnetism. If this *Don Giovanni* grips the attention in spite of every objection against it, that is above all because of the tremendously powerful focal point at its centre.

Thomas Allen, already a nonpareil Don Giovanni at Glyndebourne ten years ago (when Carol Vaness was also his Anna and Haitink his conductor), has waited a long time for a London production in which he might freely concentrate all his Mozartian gifts. The previous Covent Garden show (in which he twice appeared, in 1984 and 1988) was a poor vehicle; this new one marks his 20th anniversary on this stage, and does so fittingly and well, since it unfolds at least a cogent line of thought for this most remarkable of modern singer-actors to follow through.

The pleasures of the performance start with the fact that Mr Allen, after a recent patch of unevenness, has rediscovered his best vocal form; the ability to make words and tone-colour part of a single dramatic impetus can again exert its mastery unimpeded. He is always wonderful to watch (and, as Schaaf introduces him as a prying eye on scenes from which Da Ponte intended him removed, this gift is a special blessing); he is witty, agile in his responses, unfailingly elegant in bearing, unfazed by passing crisis, and utterly repellent. No other Giovanni of my experience exposes the cruelty, violence and egotism at the character's core with such freedom and economy of means. At Glyndebourne Mr Allen formed part of Peter Hall's much more finely controlled production; here, his achievement in the role stands out the more strikingly.

Of the cast only young Bryn Terfel, making a brilliant house debut as a lovably chunky, tough-tender Masetto, *comes near to matching him in completeness* of vocal and dramatic command; elsewhere, the hampering effect of production details has yet to be fully counteracted. But the quality of singing is extremely high; the performance can boast a feeling of voices carefully matched, that gives it a distinct patina, particularly in ensembles. The three sopranos all share a vibrancy of delivery, a sultry warmth of vocal texture: Miss Vaness's Anna magnificently majestic in full sail; the delightful Puerto-Rican soprano Marta Marquez (Zerlina) as full of zestful, sensual colour as a latter-day Conchita Supervia; and an unusually touching, distinctively passionate Elvira from Patricia Schumann. (Miss Schumann's vocal suitability is a stroke of fortune rather than of planning; she comes as a late replacement for the indisposed Karita Mattila.)

Hans Peter Blochwitz's Ottavio, blander in timbre, is expertly delivered; a lovely "Dalla sua pace" competes for our attention with a band of furniture-removers. Robert Lloyd is luxury casting as the Commendatore. Only Leporello disappoints: for all Claudio Desderi's Italianate verbal relish and comic keenness, the voice simply fails to carry sufficient weight at Covent Garden.

At Glyndebourne, Haitink proved himself a *Don Giovanni* conductor of shattering intensity and muscular force. On Wednesday's evidence the re-thinking process for the larger house is still a little way from completion. His tight (but never suffocating) grasp on Act 1 loosened after the interval; Act 2 felt like a succession of beautifully shaped discrete parts rather than a continuously flowing whole. In sum, then, this is neither a "classic" account of the opera, nor an unarguably convincing re-thinking: but, with Mr Allen at its apex, it is full of interest and excitement all the same.

Max Loppert

Alastair Muir

Thomas Allen and Marta Marquez as Giovanni and Zerlina

Rare prints to thrill

It is tempting to ask which is the more remarkable: print dealer Nicholas Stogdon's latest exhibition or the highly idiosyncratic catalogue that accompanies it. Stogdon lays before us an unusual feast. On offer is a group of some 60 15th- and 16th-century German and Netherlandish woodcuts of striking quality, from unique early devotional images of exceptional freshness to fine impressions of well known woodcuts by Dürer, Burgkmair, Wechtlin, Baldung Grien and Goltzius.

The show opened at the Salander-O'Reilly Galleries in Berlin in December, and continues at Michael Simpson Ltd, 11 Savile Row, London W1, until February 21. It is probably no exaggeration to say that nothing quite like it has been seen in a commercial gallery before.

Stogdon addresses the problems of attribution and dating, as well as technique, in a catalogue in which his enthusiasm continually bubbles to the surface, despite the the scholarship. The prints, however, have a vigour and physical presence that speak for themselves.

That presence is felt in both "high" and "low" art. Arguably more compelling than the sophisticated cuts that rival illumination are the bold and crudely coloured devotional images probably made for sale at a shrine as souvenirs, humble blockbooks made for the poor clergy, religious and secular broadsides, and odd survivals of printed ephemera.

In pride of place is a monumental Pietà believed to come from mid-15th century Swabia and derived from sculptural prototypes. Perhaps 20 northern single-image sheets of the period survive. Among the broadsides is a coloured cut from Nürnburg in near mint condition warning against the usury of the Jews and which predates the expulsion of the Jewish community from the city in 1499 by 15 years. Here, too, is an indulgence, an almanac, and three extraordinarily rare sheets with woodcuts and verses composed by Dürer.

Dürer was the first artist to fully realise the potential of prints. Woodcuts and engravings, cheap in relation to painting, proved ideal media for an artist brimming with invention and who wanted to make a name in the world. He revolutionised the graphic arts by developing a new graphic vocabularly, and a system of hatching very fine lines that could yield large numbers of woodcut impressions. Grien lacked Dürer's innate sympathy with the woodcut, and set his blockcutters near impossible tasks. That explains why the highly eccentric Madonna and Child here is one of only five impressions.

Technical innovations and anomalies crop up throughout. From the 1470s comes an unique dotted print of a type that only seems to have been produced by goldsmiths for 50 years. The image of the Madonna is at once ugly and moving, made with a metal plate punched and engraved. A more satisfactory development of that technique is illustrated by an early white-line woodcut of a monk reading at his desk in a wattle-fenced meadow. Here the image is produced by cutting finely hatched lines rather than the area between them, allowing the white paper ground to provide the design. From there, argues Stogdon, it was a natural progression to the chiaroscuro woodcut, where a traditional black-line woodblock is used with a white-line woodblock to provide tone.

Of great interest too is the trial layout for a page of *Der Weisskunig*. With another proof in the Fitzwilliam, it reveals the publisher's preoccupation with the look of the page and the type of the text and its layout. Burgkmair's woodcut of around 1515 is set on the page with type below borrowed from something else.

If this is a precursor of the modern publisher's dummy, the three outstanding and rare proofs of his chilling "Lovers Surprised by Death" of 1510 are the ancestors of modern four-colour printing. This is the first dated colour print to be made using separate but interdependent blocks. Each of the proofs is printed by three blocks to different effect: three shades of chocolate brown; black and two shades of red; black, eggshell blue and silvery grey. The white ground is exploited as highlight. This new tonal subtlety significantly enhanced the illusion of three dimensions.

*

Burgkmair's ink and wash drawing of five drummers on horseback and engravings by Dürer, Schöngnuer and Goltzius, are among the highlights of a small show at the Strang Print Room, University College. London's holding of some 4,000 prints and drawings is one of the country's least known university collections. As a means of introducing it to a wider public, this first of a series of displays focuses on its major benefactions.

The Print Room, located to the right of Wilkins' dome, is open weekdays 1-2.15pm, Tuesdays and Thursdays, 1-5pm. This show, which ranges from Mantegna to John Singer Sargent, continues until March 27.

Susan Moore

Grien's highly eccentric Madonna and Child

La Bête

LYRIC, HAMMERSMITH

The first half of this thoroughly unusual piece, which has the financial backing of Andrew Lloyd Webber, absolutely glitters with promise and performance; the second half is considerably less good, so one cannot yet feel certain that it will achieve the transfer from Hammersmith to the West End.

La Bête is a first play by a young American, David Herson. It had a short run on Broadway last year, but failed to catch on. Lloyd Webber backed it then and is sticking to it now. One can see why. The piece is full of pretty rhymes and pretty devices. It is allusive to this, that and the other, just like Lloyd Webber's music.

The title is misleading, for there is nothing stupid about it. *La Bête* is set in the 17th century France of Louis XIV: the playwrights and actors are quarrelling about who should provide the court entertainment, and thus receive the royal subsidy. Chief among them is Elomire (an anagram of Molière), who is challenged by the remarkably fluent performer and versifier, Valère. The play is really a challenge about who can produce and speak the best rhyming couplets.

That is why the first act is so good. Valère, superbly played by Alan Cumming, wins hands down. He can not only produce the couplets; he can also act. This is a very camp performance. Note a piece of mime where he imitates a star, presumably in Naples, receiving the applause and the bouquets at the end of the show. See, too, his response to Elomire's very fierce "Don't call me darling, ever:" "Oh sorry, dear."

Valère is so fluent with his words that he has to invent new ones of his own. "My word for 'words' is 'verbobos'," he says. His word for table is "carabumba" and for chair "Francesca". The delight at this virtuoso performance is abounding.

The trouble is that the rest of the play can't quite keep up. Valère is challenging for Elomire's place at court. Prince Conti, the patron of the arts, arrives to judge. What happens is a contest that does not come off. It is never really clear that Valère's style is substantially different from Elomire's. What we do get, however, is a stunning display of how flexible and effective English rhyming couplets can be.

Those who saw Ranjit Bolt's translations from Corneille at the Old Vic a year or so ago will know exactly what I mean. The verse positively flows and, within the discipline, is remarkably varied. As Valère comments, "daunting is the ease with which you weave linguistic tapestries", whereas "pentameters, though pleasing on the page, are so monotonous upon the stage."

There are other delights. The Prince, played by Timothy Walker, has the most magnificently long train. Sarah Crowden as Dorine speaks her part in teasing rhyming monosyllables. It is just that Elomire, certainly as played by Jeremy Northam, never quite develops as a character and the second act needs more work on it. The production comes from the Really Useful Theatre Company directed by Richard Jones.

Malcolm Rutherford

Alastair Muir

Alan Cumming and Sarah Crowden

They Might Be Giants

BLOOMSBURY THEATRE

There are two of them, both called John. One plays the piano accordion (rather well) and the bass clarinet; the other brandishes a home-made guitar and occasionally launches brutal attacks upon an unsuspecting drum kit. They take turns to deliver their short, sharp songs, favouring an adenoidal New York whine which despite itself is sometimes blended into Everly Brothers sugar-sweet harmony.

Like all genuine eccentrics They Might Be Giants defy sensible categorisation; they seem at the same time determinedly anarchic and perfectly unself-conscious. Contemporary rock is not short on artists who take themselves too seriously, so it is sheer delight to find an act so determined to send up everything in sight, themselves included.

It is all made to seem so utterly guileless; hard to believe that the duo learnt their trade busking on Brooklyn's East River and yet still managed to keep their wide-eyed freshness intact. The meanings of their songs come shrouded beneath coatings of nursery-rhyme lyrics and hand-me down pop riffs; only rarely are their teeth bared. A number like "Your racist friend", seems shocking for the directness of its message, especially when surrounded by "Birdhouse in Your Soul" ("I'm not your only friend, but I'm a little glowing friend") or "Particle Man" ("Is he a dot or is he a speck? When he's underwater does he get wet?").

It seems appropriately illogical that They Might Be Giants are touring Britain almost two months before their new album (the fourth) is due to be released here. There was a sprinkling of those latest songs at the Bloomsbury, but most of their set was devoted to singalong favourites. The audience bounced happily through the best of *Flood* (which appeared in 1990), confident in the knowledge that nothing was going to last longer than a couple of minutes and that a high percentage of the songs have the kind of naggingly memorable melody lines and surreal lyrics which will run through the brain for hours afterwards.

Try hard enough and almost any influence you care to mention is stirred into the mix somewhere – a dash of Buddy Holly and the Beatles here, some Tom Waits and Elvis Costello there – but the worst thing that could happen would be for They Might Be Giants to make it too big and find themselves absorbed into the rock mainstream. Playing Wembley Arena with an army of roadies and real session musicians to replace the marvellously tacky backing tapes just wouldn't be the same, and nothing like so exhilarating.

Andrew Clements

Outside of Heaven

THEATRE UPSTAIRS

The most exciting moment of Martin Sadofski's first play is the realisation, at the start of the second act, that his characters are sharing the stage with a real, dead Dobermann. The sleek carcass is used symbolically by Sadofski to underscore his vision of wasted life. It also provides a comic disposal problem, while adding its bit to the pickle in which his characters find themselves: their futile attempts to sink its body lands them with a £300 fine.

Like so much in this play, it is a good idea which is scuppered by a lack of consistency. It is hardly likely that a couple of squatters would have put an identity tag on a dog they had picked up a couple of months previously – and such a literal reading is invited by a staging which constantly moors metaphor to concrete images. It is almost as if the writer and the director, Penny Cinlewicz, are speaking different languages: he talks of fishing and dead dogs, and she provides a rod and a stuffed Dobermann.

Their combined efforts give us two childhood friends from Southport and two triangular relationships. In the first act, John – white, neurasthenic and beautifully played by James Kerr – falls in love with a girl who drowns herself after a fling with his best friend, Paul, cocky and black. In the second act, five years later, the tables are turned. Paul (Lennie James), now a tough London nut, loses his girlfriend to a platonic relationship with the smart, sensitive and respectable John.

Sadofski offers situations but declines to provide explanations. We are never told why the truculent Lori (Connie Hyde) drowned herself, nor why the lively Paul of the first act should have become an violent emotional cripple of the second. What could be a stylish obliqueness becomes a frustrating failure to follow a line of thought through.

The result, theatrically, is that the characters fail to grip or engage: there is no sense that they have something to communicate, about life, or friendship or anything else. The abstraction of the script demands a more abstract staging if it is to become anything more than a tatty footnote to the urban disinheritance drama of so much fringe theatre in the 1980s.

Claire Armitstead

INTERNATIONAL ARTS PREVIEW & EXHIBITIONS

London's Barbican Centre celebrates its tenth anniversary with a series of special events over the next month. The actual birthday is March 3, when Georg Solti and Michael Tilson Thomas will share conducting honours in a London Symphony Orchestra concert with soloists James Galway, Barbara Hendricks and Fabio Bidini, a prizewinner in last year's World Piano Competition. The anniversary programme also includes a recital by Kiri te Kanawa (Feb 24), BBC Symphony Orchestra concerts conducted by Pierre Boulez and Oliver Knussen (Feb 26 and March 5), a performance of Mahler's Third Symphony conducted by Tilson Thomas (March 1) and Verdi's Requiem with the LSO and Colin Davis (March 7 and 8). The Barbican is also hosting the Lloyds Bank Young Composer of the Year Award on March 16, when the Nash Ensemble will play works by 12 finalists.

From Feb 28 to March 5, the Barbican cinema will be presenting Barry Norman's Top Ten, a selection of films that have been shown at the Barbican since 1982.

Following the temporary closure of the Barbican Theatre for backstage refurbishment, the Royal Shakespeare Company opens its new London season at the end of March. The repertory will include some of last year's *most successful productions at* Stratford, beginning with Henry IV Parts 1 and 2 and Thomas Shadwell's Restoration comedy The Virtuoso (Barbican box office 071-638 8891).

This month Berlin hosts its annual film festival, culminating with the Golden Bear Award (Feb 24). The festival opens with The Inner Circle, Andrei Konchalovsky's new movie about Stalin's private film projectionist (Feb 13), and will include screenings of Emma und Böbe, Istvan Szabo's study of the changes in East Europe, Martin Scorsese's Cape Fear, Kenneth Branagh's Dead Again and a film by the Russian director Marlen Chuziev (254890).

From tonight till Feb 27, the Comédie in Geneva hosts Le Temps et La Chambre, the latest play by Botho Strauss, one of Germany's leading playwrights. The production was premiered in Paris last October (205001).

EXHIBITIONS GUIDE

BARCELONA

Museu Picasso Pablo Picasso 1905-1906: an exhibition tracing the revolutionary changes in Picasso's style at a time when contemporary influences in Paris were making him abandon representational art in favour of the semi-abstract form of Demoiselles d'Avignon. Ends April 19. Closed Mon

Fundacio Joan Miró Paco Vacas: Moving. The latest in a series of exhibitions entitled The Vigour of the Ephemeral explores the process of evolution in the act of artistic creation. Ends March 1. Closed Mon

Fundacio la Caixa Modest Urgell (1839-1919): 70 drawings and paintings by the pre-Symbolist artist whose favourite subject was the rural landscape of his native Catalonia. Ends April 5. Closed Mon

BERLIN

Brucke-Museum Karl-Schmidt Rottluff (1884-1976): more than 140 watercolours spanning the career of one of the leaders of German Expressionism. Ends Feb 23. Closed Tues

Martin-Gropius-Bau The Jewish World: a major survey of Jewish lifestyle, culture and history around the world. Ends April 26. Daily

Altes Museum Martin Schongauer: marking the 500th anniversary of the death of the first great engraver of German art. Ends Feb 16. Closed Mon and Tues

BERNE

Kunstmuseum La Caricature: the complete, full-bound edition of the satirical French-language magazine from 1830-35, with 200 lithographs by Honoré Daumier. Ends March 22. Closed Mon

FLORENCE

Palazzo Pitti Caravaggio: an exhibition marking the centenary of the birth of the Italian critic Robert Longhi, who spearheaded the current vogue for the Baroque master. Ends March 15. Closed Mon

Palazzo Strozzi Gustav Klimt: portraits, pastels, drawings and theatre sets by the Austrian Jugendstil painter. Ends March 8

FRANKFURT

Deutsches Architekturmuseum Antonio Sant'Elia: 400 drawings by the revolutionary Italian architect who devised the Citta Nuova project of a utopian metropolis shortly before his premature death in 1916. Ends May 17. Closed Mon

LIVERPOOL

Tate Gallery Lucian Freud: the only UK stop for this British Council touring exhibition of 59 oils and 20 drawings by one of Britain's most highly acclaimed living artists. Ends March 22. Closed Mon

LONDON

Victoria and Albert Museum Green Images: the role of graphic design in the way institutions and pressure groups have campaigned for protection of the environment and its wildlife. Ends May 25. Also Creativity and Industry: 25 years of the Queensbury Hunt Design Group. An exhibition devoted to a company renowned for its success in bridging the divide between commercial success and good design in the field of ceramics, tableware and household objects. Ends May 1. Also the Art of Death: the response to death from the 16th to 19th centuries, when people acknowledged their own mortality more openly than today. Ends March 22. Daily

Royal Academy of Arts Andrea Mantegna (c1431-1506): paintings, drawings and engravings by one of the greatest artists of the early Italian Renaissance. Ends April 5. Daily (Tickets can be booked in advance tel 071-287 9579)

Accademia Italiana Alberto Savinio: paintings and drawings by the multi-talented Italian Surrealist. Ends Feb 23. Closed Mon (24 Rutland Gate SW7)

National Theatre Regarding Huntley/Muir: an exhibition of artwork, print, painting and video celebrating the partnership of illustrators Su Huntley and Donna Muir. Ends March 28. Closed Sun

NEW YORK

Metropolitan Museum of Art Barbizon: a selection of paintings, drawings and pastels from the Museum's collection by six masters of the French 19th century school of naturalist landscape. Ends May 3. Closed Mon

Museum of Modern Art The William S Paley Collection: paintings, sculpture and drawings ranging from the latter half of the 19th century through to the 1970s. The collection is especially rich in works by Cézanne (Milk Can and Apples 1879-80), Gauguin (The Seed of the Areol 1892), Degas (Two Dancers 1905), Picasso (Boy Leading a Horse 1905-6) and Matisse (Woman with a Veil 1927). Ends April 7. Closed Wed

Whitney Museum of American Art William Wegman: retrospective of the artist best known for his photographs of his dog Man Ray. Ends April 19. Also Alexis Smith (b1949): mid-career survey of the Californian collage artist. Ends March 1. Closed Mon

PARIS

Fondation Mona Bismarck Masters of the Goodwood Collection: mainly 18th paintings, furniture, porcelain and objets d'art collected by the Dukes of Richmond and D'Aubigny, including works by Van Dyck, Reynolds, Stubbs and Canaletto. Ends March 22. Closed Sun (34 ave de New York)

Musée des arts decoratifs René Lalique: a collection of work by the goldsmith and artist in glass, who works in the art nouveau style. Ends April 5. Closed Tues (107 rue de Rivoli)

Musée des arts decoratifs (Palais du Louvre) Dubuffet: the artist's collection of his own work, which he donated to the museum in 1967. Ends March 29. Closed Mon and Tues (pavillon de Marsan, 107 rue de Rivoli)

Artcurial Zao Wou-Ki: abstract paintings 1976-1991. Ends March 28 (9 ave Matignon)

Musée des Arts de la Mode Elegance and Fashion in 18th century France: 80 exhibits from French Regency to the Revolution. Ends March 31. Closed Mon and Tues (107 rue de Rivoli)

Musée d'Art moderne Alberto Giacometti (1901-66): retrospective of the Swiss sculptor and painter. Ends March 15. Closed Mon (11 ave President Wilson)

ROTTERDAM

Museum Boymans-van Beuningen Wim Gijzen (b1941): ten paintings 1990-91 inspired by a still life, which the artist transformed into a series of abstract images. Ends March 29. Also Frank Mandersloot (b1960): ten recent sculptures. Ends April 12. Also prints by Stefano della Bella, long-forgotten favourite of the 17th century Florence and Paris courts. Ends March 8. Closed Mon

STOCKHOLM

Nationalmuseum Carl Larsson: bicentenary tribute to the man who rose from poverty to a leading position in 19th century Swedish art.

The exhibition includes more than 380 works from juvenile drawings to the monumental paintings and illustrations of his maturity, giving a comprehensive portrait of one of the most versatile and idiosyncratic personalities in Swedish art history. Ends May 10. Also the Empire Style in Sweden: paintings and sculpture of the early 19th century, bronze objects, wallpapers and several complete interiors, including a royal bedroom. Ends March 29. Closed Mon

Moderna Museet Lee Jaffe (b1950): 20 objects by the multi-media artist from the Bronx, known for his audacious critiques of civilisation. Ends March 29. Closed Mon

WASHINGTON

Hirshhorn Museum Martin Puryear: 35 works by the Washington-born sculptor, who draws his inspiration from objects, organisms and exotic cultures. Ends May 10. Daily

National Gallery of Art Gerard David's St Anne Altarpiece: the three panels of the restored altarpiece by the early 16th century Dutch artist have been brought together with seven smaller panels. Ends May 10. Also Walker Evans: classic documentation of American life during the Depression. Ends March 1. Also Albert Bierstadt: comprehensive retrospective of the epic American landscape painter of the 19th century. Ends Feb 17. Daily

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How to grab the EC money

BRITAIN'S attempt to place itself "at the heart of Europe" is falling foul of a severe case of clogged arteries. The European Commission is threatening to withhold funds for hard-hit industrial areas unless the Treasury comes up with more transparent accounting procedures for regional spending. The long-running row has already held up £100m earmarked for depressed coal-mining areas, with a further £900m potentially blocked.

The sums form a sizeable component of the money the UK is entitled to receive from Brussels to reduce its considerable net contribution to the Community. Since the dispute has already intruded into the general election campaign, the government has every incentive to get itself off this particular EC spending hook as quickly as possible.

At one level, the wrangling is about whether the UK Treasury needs any advice from Brussels on where to direct British public spending. This is not, however, an argument about the Commission intervening in every "nook and cranny" of British life. The Treasury is being asked, after all, to adapt its public spending regime to conform with EC regulations on good budgetary housekeeping, to which Britain gave its assent in 1988.

Greater control

More fundamentally, the disagreement raises the question of whether the highly-centralised British system for distributing public-sector funds really serves the country's best interests. There are good arguments in favour of Britain's giving local councils greater control over raising the resources which they are responsible for distributing. This would allow them to forge constructive links with Brussels, under guidelines worked out with Whitehall, to gain maximum advantage from the single market. Excessive British centralisation runs counter to developments in other more successful EC countries, above all Germany.

In the short term, the issue is whether the Treasury can prove to the satisfaction of the Commission that EC regional funding adds to money which would have been spent anyway. The Commission says that this "additionality" principle is necessary to ensure that aid is channelled towards genuinely eligible regions, rather than simply used to reimburse spending which would otherwise be financed domestically. Britain has always agreed with the argument in theory. But it claims that identifying the supplementary nature of funding on a project-by-project basis raises intractable difficulties for control of public spending.

Pedantic rules

Britain may have a case in pointing out that the Commission's pedantic spending rules are more applicable to countries such as Italy or Greece with less developed internal financial procedures. But this argument misses the main point: Britain is failing to avail itself of resources available under a scheme originally set up, at least in part, to defray the costs of Britain's EC membership.

The Department of the Environment has put forward several possible solutions. The simplest – redefining public spending planning totals to exclude Regional Development Fund grants – may prove too radical for the Treasury. The government should still be able to provide a spending breakdown which would satisfy most of the Commission's requirements – even though this might require reallocation of funds among other British regional programmes.

Yesterday's news that the EC has cleared £18m in aid to Northern Ireland appears encouraging. The Commission says that the particular system for allocating funds in the province provides the necessary "transparency" – raising the question of why the Treasury cannot adopt such a system for the rest of the UK. Failure to end the impasse would cause hardship and disillusionment in the local authorities involved. More widely, it would be a setback for Britain's overall commitment to get value for money from the EC. A country which has laboured for years to achieve greater financial equity in its dealings with the Community should not now stumble over self-imposed hurdles.

Maxwell's pensions

The ruthless and systematic looting of pension schemes in the Maxwell business empire by the late Mr Robert Maxwell was deplorable enough. Yet many of the 30,000 employees and pensioners whose retirement prospects have already been jeopardised now face a further threat, arising from the considerable legal uncertainty that surrounds the status of pension fund members in a winding up.

Under existing insolvency legislation, it is far from clear where a pension fund deficit ranks in relation to other creditors once the receivers and liquidators move in. While the Fourth Schedule of the 1990 Social Security Act contained a provision for a pension fund deficit to be treated as a debt due from the employer to the scheme, it has not yet been brought into force.

Small wonder that trustees of the Maxwell pension schemes were yesterday trooping into Whitehall to bend the ears of social security secretary Mr Tony Newton, Mr John Maples of the Treasury and corporate affairs minister Mr John Redwood. They risk finding themselves trampled in the stampede, as the big banks lay prior claim to those assets that remain. Yet it was the banks who magnified the damage wreaked by Mr Maxwell when they encouraged him in his reckless expansion – this, despite powerful anathemas pronounced on him by department of trade inspectors.

Dismal pittance

The government will, of course, meet its statutory obligation to stump up the equivalent of the guaranteed minimum pension provided under the state scheme for the Maxwell pensioners. But that is a dismal pittance; and the government's dilatory behaviour in implementing the relevant provisions of the 1990 Act means that the trustees' only obvious recourse, in the absence of constructive Whitehall intervention, is to embark on a time-consuming test case. That would create further uncertainty for the pension fund members as well as running the risk that heavy legal costs might further reduce the resources of the funds.

This underlines, once again, the way in which the odds in occupational pension schemes have been unduly tilted against the employees. Even if the relevant legislation had been in place, the members of the Maxwell pension funds would merely have ranked as unsecured creditors. Yet most of them probably regarded their stake in the fund as a form of remuneration for work that they had already done.

Questionable value

The pensions lobby, in contrast, argues that pensions are not deferred pay because the employer has to meet the balance of the cost of providing pensions after employees have made a fixed contribution. Yet in practice this apparent guarantee of solvency is of questionable value since most trust deeds permit the employer to discontinue the scheme unilaterally. This leads to a situation where the employer enjoys disproportionate benefit from any pension fund surplus, while the employee loses most of the benefit of the guarantee if the employer chooses not to implement it or the company goes to the wall.

The government must bear substantial responsibility both for the Maxwell pensions debacle and the wider shortcomings of the occupational pensions system. Had ministers heeded the calls for the rapid introduction of tighter regulations governing pension funds, Mr Maxwell might, at the very least, have found it harder to plunder and loot. The role of IMRO in providing a seal of approval to Mr Maxwell's in-house fund management group also raises questions about the effectiveness of the Financial Services Act.

Pension fund members both in and out of the Maxwell group have been singularly ill-served and their reasonable expectations have been needlessly frustrated. It is inevitable that they will be frustrated again, unless the government is prepared to confront the problems of the underlying conflict of interest. That means that it must recognise that the whole point of a pension fund is to provide pensions. Membership of occupational pension schemes should be made part of the employees' contract of employment.

L'état – c'est lui

Ian Davidson on the mounting political crises of President Mitterrand

French president François Mitterrand has said the Habash affair is over. Yet the political crisis in France caused by the brief hospitalisation in Paris last week of the Palestinian leader Mr George Habash will not quickly be forgotten. Today, the government faces an opposition censure motion in a one-day session of parliament called by the president to try to put the crisis to rest.

Mr Mitterrand has dismissed the Habash incident as a minor failure of political judgment by a few civil servants. The harsh truth is that the episode has exposed serious weaknesses in the "Mitterrandian" state, and has inflicted more damage on an already seriously discredited administration.

The summary dismissal last week of four top-ranking officials at the foreign and interior ministries failed to silence the controversy. All the political parties were incredulous that the decision to admit Mr Habash could have been taken without ministerial authority, and are scandalised that civil servants should be made the scapegoats for their political masters.

Some leading politicians, and not just in the conservative opposition, demanded that ministerial heads should roll. The most spectacular such demand came from Mr Michel Rocard, the former Socialist prime minister, long an open challenger of Mr Mitterrand's position and the Socialist party's most likely candidate in the 1995 presidential elections.

In a television interview, he dismissed as "highly implausible" the claim that ministers had not been kept informed, and went on: "We are not at the end of this affair, and I am not satisfied. There is an eminent political responsibility behind this error."

Mr Rocard's open repudiation of the government's handling of the Habash affair is obviously intended to strengthen his presidential credentials. He was clearly voicing the moral dismay of many other leading party members, and distancing himself from a president whose administration looks alarmingly accident-prone.

His open disloyalty to the president could yet harm him in the long run. But in the short run, President Mitterrand had already decided not to sacrifice any of his ministers.

Some French commentators have protested that Mr Roland Dumas, the foreign minister, and Mr Philippe Marchand, the interior minister, ought not to have been able to shirk their personal responsibilities and allow their civil servants to carry the can. The fact is, however, that the France of the fifth republic does not appear to recognise the principle of personal ministerial responsibility.

Very occasionally, a political rebel may resign from office on grounds of personal principle. But in general, loyal ministers are expected to place their portfolios absolutely at the disposal of the president; if they resign, it is only because they have been dismissed.

In the notorious Greenpeace scandal of 1985, it quickly became obvious, in spite of denials, evasions and an elaborate whitewash report, that the sinking of the Greenpeace ship Rainbow Warrior was the work

of French secret service agents. When the facts could no longer be denied, there was a struggle behind the scenes between Mr Laurent Fabius, the then prime minister, and Mr Charles Hernu, the then defence minister, to decide which of them would take the blame. This struggle lasted more than two months before Mr Hernu was forced to resign.

In the Habash affair, no such political sacrifice has been demanded. Indeed, even the exemplary sanctions meted out to the civil servants may be largely illusory, and have more to do with the theatre of politics than with real punishments. Mr Roland Dumas, the foreign minister, declared on Tuesday that his great esteem for these "exemplary" public servants was undiminished, and that he would not rest until they were restored to positions of equivalent rank.

According to Mr Serge July, editor of the newspaper Libération, the Habash scandal epitomises a crisis of political irresponsibility which is inextricable from the pronounced personal idiosyncrasy of the Mitterrand regime. In an editorial this week, he traced this crisis to Mr Mitterrand's "freemasonry of friendship", his habit of filling key political positions with personal friends and loyal associates, such as Mr Dumas and Mr Marchand.

The corollary is that none of President Mitterrand's ministers has any personal authority except through him. Mr Dumas and Mr Marchand have no political power of their own, because they owe their positions solely to the grace of the president. Therefore they have no personal responsibility.

The principle of political impotence may also apply to prime ministers. When Mr Rocard was prime minister, he submitted to President Mitterrand's will; but he remained a figure of political weight and authority, since he controlled a large faction of the Socialist party. By contrast, Mrs Edith Cresson, his successor, has no independent power base, and is thus little more than the creature of the president.

The first result of the "presidentialisation" of political power is that ministers cannot, or at least should not, make any significant policy innovation without the endorsement of the president. The second is that their ministries are far more sensitive to the policy indications which emerge from the Elysée Palace than to the views of their own titular ministers.

This practice of obsessive "Elysée-ology" offers the most plausible explanation for the Habash affair. The foreign and interior ministries knew that the request to hospitalise Mr Habash came through the French Red Cross; they knew that Mrs Georgina Dufoix, president of the French Red Cross, was also an adviser and long-time associate of Mr Mitterrand; so they may have assumed the endorsement of the president.

After today's debate, President Mitterrand no doubt hopes that he can resume his previous medium-term plan of campaign. This was to keep the present government in office at least until after next month's regional elections. If the results turned out to be really bad for the Socialist party, he could appoint a new prime minister, who might still have enough time, and above all sufficient popular appeal, to regain ground for the Socialists before the general elections in the spring of 1993.

The one man who is regularly canvassed as such a potential white knight for the Socialists is Mr Jacques Delors, president of the European Commission. He has strong European and French political credentials, and he is right at the top of the popularity charts. But even were he prepared to throw up everything at a call from President Mitterrand, he could not reasonably abandon his responsibilities in Brussels at a moment's notice.

The earliest plausible moment for a measured change of government, therefore, would be in the late spring. This means that Mrs Cresson can almost certainly expect to have to soldier on for six weeks or more, until after the March 22 elections; indeed, it is not impossible that she may have to stay on as prime minister until the general elections next year, if Mr Mitterrand concludes that a better candidate is not available.

This mid-term scenario helps to explain why Mr Rocard and his allies in the Socialist party were suddenly so keen for an immediate government reshuffle, or even for a new government, in response to the Habash affair. If Mr Delors were able, in suitably measured circumstances, to become prime minister some time in the spring, he might also be able to use the office to challenge Mr Rocard's position as the presidential candidate of the Socialist party. If, on the other hand, President Mitterrand could be bounced by the Habash affair into making a sudden government reshuffle now, he could not realistically make a second reshuffle six weeks after the regional elections. Mr Rocard had ethical and political reasons for demanding a reshuffle; but he also saw it as a way of blocking a potential challenge from Mr Delors.

For the time being, however, Mr Rocard and Mr Delors are figures on the sidelines. The central lesson of the Habash affair is that, ultimately, only one person in the whole of the constellation of government has any power, and only one person is really responsible for anything; and that is the president himself. He created the conditions for the Habash debacle through the presidentialisation of power; and he turned the affair into a crisis, first by treating it as a scandal, and then by attempting to stifle the scandal.

Of course, he cannot himself be punished when things go wrong; but in the end he cannot escape responsibility, and one day there will be a reckoning.

Back into the public arena

Anthony Harris on a potential new role for Paul Volcker


Volcker: public servant

The surest signs that Mr Paul Volcker wants to accept an advisory job with President Boris Yeltsin as soon as his role can be defined are both positive and negative. The positive sign is simply that he is who he is. He has spent most of his life in public service – US Treasury, New York Fed and finally Federal Reserve chairman – always a workaholic, always miserably paid compared with those with whom he did business. In a word, committed.

The first thing he did after accepting his investment banking chairmanship, at enough pay to make up for many of the lost years, was to take on an unpaid job heading a commission arguing for better terms for US public servants. The report was hardly a best-seller, though, and after five years of high pay but low profile, the offer of a post of real international importance must be irresistible.

The negative sign: he did not mention the invitation to his New York partner, Mr James Wolfensohn, when he landed in New York from his flying visit to Moscow. The two spent the evening discussing Russian problems – "You name it, and they've got it," as Mr Volcker summarises the mess – but still no mention of any personal involvement. The discretion learned as a public servant is still an almost Pavlovian response to anything important. If Mr Volcker did not take the offer seriously, he would have talked about it, at least to his partner.

However, Professor Jeffrey Sachs, a leading Yeltsin adviser, has the more gossipy habits common on university campuses. So yesterday Mr Volcker was prepared to admit that he had been approached, to be warmly non-committal about it – and somewhat amused. "You know I was only there as an extension to a European trip – just 36 hours to see for myself, and look up some old friends. And now this. The first thing I mean to do is to go back there – and for at least two days."

These could be quite a difficult two days. It is clear that Moscow badly wants Mr Volcker's name on the masthead – he is the nearest human symbol, thanks to his financial austerity, to an actual IMF endorsement – as soon as possible; but Mr Volcker himself is not interested in being a symbol. He is determined to get a job description where he can be sure to be useful (which is a case of embarras de richesse), and which he can manage in the time left between Wall Street and Princeton university (where he is a professor for half his time), which is harder. He will certainly have to find time for some residence in Moscow, though the Russians might be almost as happy if he spent most of his time on the telephone in New York to his contacts in government.

The useful paradox is that his five years in the private sector have made Mr Volcker much more clubbable, without in any way smudging his Caesar's-wife intellectual reputation – quite a feat in the Wall Street of recent years. He has lost the habit of talking in Sphinx-like riddles, which he thought appropriate as Fed chairman, and is a frequent and surprisingly witty conference performer.

In one respect his reputation is as forbidding as ever – he likes his own way, and is not an easy man to work with, unlike his very collegiate successor at the Fed, Mr Alan Greenspan. He left some bruised egos in the C street block where the Fed's policy-makers also hope to make some sort of a public splash. In Moscow, where most of those he is likely to work with have everything to learn about the outside world and its markets, this is not likely to matter in the least. Mohammed will not only come to the mountain, but happily camp out on its lower slopes.

Mr Volcker may even get something of a feeling of déjà vu as he considers the problems of a government with a seemingly bottomless deficit, only partly restrained by a much more businesslike and independent minded central bank, and those of negotiating debt rescheduling. He did all this as Fed chairman. But his experience in the US Treasury (which manages US government funding and foreign exchange) and in the New York Fed (which monitors the markets and imposes prudential rules) is likely to be at least as relevant to a Russia striving to invent, as it were, a capitalist past.

Mr Volcker has become such a lofty figure of monetary rectitude that it is easy to forget that like everyone who has ever done the New York job effectively, he is an operator and a negotiator. He may yet be able in the right circumstances to do for Russia what his New York predecessor Mr Charlie Coombs once did for Britain – buy vital time at wholesale prices. Time, among other things, to try to implement any advice he offers.

OBSERVER

Les Français über alles

■ What does the president of the European Commission have in common with the managing director of the IMF, the president of the EBRD, and the secretary generals of the OECD and Council of Europe? *Mais bien sur:* Delors, Camdessus, Attali, Paye and Lalumière are all French.

The Germans may be accused of throwing their weight around these days, but one area where they have patently put up a miserable show is in securing the top spot at major European or international institutions.

The head of the Luxembourg-based European Investment Bank is deutsch – if anyone noticed – but otherwise it is the French, defying Nicholas Ridley's canine comparisons, who have long made the running. Not unlike the British, the Germans seem to regard Brussels as the place to palm off problem politicians; and no German has ever been nominated for the big IMF job.

The betting is that this reticence will evaporate when the European central bank hoves into view. But then there is the diplomatic teaser that, if they are as mustard-keen as they appear to secure the siting of this worthy institution on home turf, it would be a tall order to expect to be granted a countryman as the first president into the bargain.

Toned up

■ Some unseemly crackle, it would appear, on the hot line twixt the Bank of England and the Treasury. The latter's feathers have been ruffled by advance copies of the Bank's latest quarterly bulletin which, although sporting technicolour graphics for the first time, contained some sombre thoughts about the imminence of recovery from the recession.

While Treasury officials do not want to be accused of being economical with the truth, they feel a duty to back Norman Lamont's rosier view of the next few months. And with the election coming up, there's an even more pressing reason not to let spirits sag.

This explains why the Treasury has been turning to its blue pencil even more assiduously than usual to suggest amendments to the part of the bulletin dealing with economic prospects.

Bank officials always find irksome having to submit their finely honed words to the scrutiny of their colleagues on the other side of London. On this occasion, however, Observer understands sparks have flown.

At least the Treasury has not so far objected to the Bank's plan to change the bulletin's publication day to Tuesday, instead of Thursday, because the Old Lady thinks this will lead to greater publicity for the contents.

"Thank God we've never been burgled"

Liberal gesture

■ English politicians apparently strike a kindly, avuncular chord in the heart of Graf Otto Lambsdorff, chairman of Germany's liberal free democrats. For instance, he excused Nicholas Ridley's anti-German tirade by saying the Tory minister must have been either drunk or unbalanced by England's defeat by Germany in the World Cup.

Now the Prussian aristocrat has cabled his sympathies to an Englishman politically more more in tune with his own philosophy. "Dear Paddy, don't worry, be happy – and go on," his message says.

Alas, while knowing about soldiering on, Lambsdorff's own career is hardly a propitious example. Forced out of the economics ministry in 1984 after embroilment in the Flick affair (alleged party donations for tax concessions, rather than amatory dalliance), it took him four years to make his political comeback.

Waiting on

■ Despite all the fine talk about equal opportunity, women still stand a much better chance of making it to the top in Britain's civil service than in Big Business. Barbara Mills's switch from heading the Serious Fraud Office to being the Director of Public Prosecutions is just the latest example.

By contrast, Anne Ferguson's appointment as a non-executive director of National Power is less of a breakthrough. Like Yve Newbold, Hanson's company secretary who has gone onto the BT board, the 49-year-old Ferguson has an impressive record.

She has been responsible for modernising ICI's public persona. So her experience should certainly help to add force to what National Power surrealistically terms its "invisible image".

Nevertheless, her appointment once again raises the question of why women are so rarely given executive directorships, as distinct from the non-executive variety.

The response of Newbold and Ferguson, as loyal corporate types, is to say that it won't be long before ICI and Hanson appoint women to fully fledged directorships. But Observer is fast growing tired of waiting.

Going a bomb

■ Kuwait looks to have developed its own variant of Russian Roulette in the shape of the "170 Rule" being bandied around by Kuwait City residents jittery about renewed Iraqi attack.

Many have bought all-terrain vehicles in readiness for a fast escape across the desert. The trouble is that the sands hide millions of mines and such left from the Gulf war.

Hence the rule, based on the idea that if you hit the mines fast enough, you are safely past them before they explode. "Anything over 170km a hour and you can watch them go off in your rear view mirror," says one expatriate.

He has not yet tried it personally, however. Nor is it clear whether the rule includes allowance for 10 per cent speedometer error.

Mixed-up

■ Bizarre though psychologists' minds may be, they are clearly not of the one-track variety, to judge by the agenda for the British Psychological Society's annual conference at Scarborough in April.

Topics up for discussion include, among numerous others: athletes and labour pain, nine-year-olds and body shape, sexual abuse of clients by therapists, and.... the future of the Royal Air Force?

Mr Triple Trouble fights his corner

Yasushi Mieno, governor of the Bank of Japan, tells **Stefan Wagstyl** he will resist outside pressure

Mr Yasushi Mieno, the governor of the Bank of Japan, does not believe that his country faces anything like a credit crunch, declining to comment on the "hypothetical" possibility of even a single Japanese bank needing rescue.

Yet in the subtle style of a well-schooled central banker, he indicated a certain level of concern about the health of Japanese financial institutions as they grapple with the collapse of the speculative boom that hit Japan in the 1980s.

Central banks had two goals, he said in an interview with the Financial Times this week: maintaining price stability and ensuring a stable financial system. "In the past, previous governors put a little more weight on the maintenance of price stability [rather than financial stability]. But under the current circumstances we should attach equal importance to these two objectives."

Mr Mieno, who has spent his working life at the central bank and has been governor for just over two years, has presided over Japanese monetary policy during one of the most difficult times since the second world war. First he raised interest rates to deflate a speculative bubble in stock and land prices and to dampen inflation. Then as the threats receded, he gently lowered the cost of borrowing. Now he has to consider whether to cut rates further to stimulate growth or to keep the brakes on credit for a while longer.

Mr Mieno has been criticised in some corners of the financial community, particularly in the stock market where he was

Japan's economy is 'still in robust state', although 'the rate of the slowdown is slightly accelerating'

dubbed Mr Triple Trouble in a play on his name, which contains the Japanese word for "three". But to the general public he has become something of a hero for the pain he has inflicted on land speculators. While stock market and banking scandals last year tarnished many financial companies and touched even the finance ministry, the Bank of Japan's reputation for rectitude has rarely been higher.

Mr Mieno relies on officials for the fine tuning of monetary policy. His biggest personal contribution is his zeal for sound money and his fierce resistance to external pressure on the bank. He said that his motto was never to shirk difficult challenges. "The current situation at the Bank of Japan requires a strong will to fight back [against pressures from outside]," he said.

In preparing for this fight, Mr Mieno, who is 67, has a wider breadth of experience to draw upon than most Japanese. Before the second world war, he lived with his family in Manchuria, moving frequently. Returning to Tokyo, he helped to keep himself and his family by dealing in soap, butter and suiting material. As a student at Tokyo University he boarded at a sumo wrestling stable, an experience that led to a lifelong love of the sport.

He has a down-to-earth manner that endears him to his staff. Stories of his drinking prowess circulate the central bank. When he walks with his wife around the shops near his Tokyo home, the shopkeepers call it "Mr Mieno's price inspection". But behind the charm a keen mind is at work – his recent reading includes André Gide and Dostoevsky.

During the interview, Mr Mieno gave a characteristically upbeat assessment of the Japanese economy. It is "still in quite a robust state", although "the rate of the slowdown is slightly accelerating".

Mr Mieno argued that, even though companies were adjusting stock and capital investment levels, the underlying tone of the economy was firm. Businesses were pressing ahead with some kinds of investment, such as the purchase of labour-saving equipment; consumption was strong; and the economy was benefiting from the accumulated effect of past interest rate cuts.

In contrast to some private-sector economists, Mr Mieno sees little risk of a sharp economic downturn: "The adjustment process will continue for the time being, but it is unlikely that the economy will decline suddenly. Gradually it will emerge on to a path of sustainable growth." The central bank would continue to monitor the effects of past interest rate cuts, said Mr Mieno, because it is important that the adjustment "is not more severe than necessary".

Mieno: tries to keep 'a certain distance' from politicians

Mr Mieno set the Japanese economy in a global context, pointing out that overseas countries, especially the US, also "face adjustment from the excesses of the 1980s". The governor predicted that the US economy would resume growth in the second half of this year, but he expected Asia to grow faster than the rest of the world. Japan should suffer less from the global slowdown than in the past because it relies less on exports and more on domestic demand.

In a speech yesterday, Mr Mieno warned against quick fixes to deal with recession or slow growth. He said that long-term and medium-term goals should not be sacrificed for the sake of short-term gains in growth – remarks aimed at policymakers in other industrialised countries.

In the interview, Mr Mieno chose his words with care, particularly when it came to the state of health of Japan's financial institutions. He said that some financial companies which had lent money to fund speculative investments were now suffering from non-performing loans on their books and the non-payment of interest. Moreover, the deregulation and internationalisation of the Japanese market had made life "more severe" for the management of financial companies.

But Japanese financial institutions, he said, had large internal reserves so the bursting of the bubble was "unlikely to shake the stability of financial institutions". However, it was important for them to strengthen risk control management and their capital bases. For its part, the central bank "will do its utmost to make the financial system as stable as possible".

Among the more delicate tasks facing a governor of the Bank of Japan is maintaining good relations with the finance ministry. Even though the central bank's independence is enshrined in law, the ministry retains considerable influence, not least because of a tradition that the ministry and the bank take turns in nominating a governor. Mr Mieno, as a career central banker, makes no bones about his determination to assert the bank's independence. He has made headlines defending himself against criticism from finance ministry officials, some of whom felt that his earlier squeeze on credit was too severe.

Mr Mieno said that to maintain *de facto* independence, the central bank had to pursue the right monetary policy with self-confidence. This earns the bank the moral authority to resist pressure from the outside. Mr Mieno said he consulted frequently with business and government circles, but tried to keep "a certain distance" from politicians. The Bank of Japan's current policy was accepted as correct by the ministry and by government, he said.

Turning to the sensitive subject of the recent sharp increase in Japan's current account surplus with the rest of the world, Mr Mieno said that the doubling of the current account surplus last year to $73bn was 85 per cent owing to "special factors". These included changes in gold imports, a decline in the oil price, a rise in the yen's value (which boosted the US dollar-denominated surplus) and the collapse of the financial bubble which hit imports of luxuries.

Furthermore, said Mr Mieno, the ratio of the current account surplus to the nominal gross national product – a measure of the surplus's economic significance – had fallen from 4 per cent in 1986 to 2 per cent last year. The figure for 1992 would be little different, he added, a ratio that he described as almost in the range of what was acceptable.

Nevertheless further measures were necessary to reduce external imbalances. Japan, he said, needed to promote domestic, demand-led growth. It should deregulate its economy further and increase the transparency of economic transactions to make them more accessible from the outside, said Mr Mieno, in a reference to US criticism of the opaque aspects of the Japanese economy, including *keiretsu*, or industrial groupings.

However, the governor also had some advice for the US and Europe. He said countries with current account deficits also had to do their part to reduce the imbalances through economic policy changes of their own. "Only through the joint efforts of both surplus and deficit countries does it become possible for the external imbalances to be adjusted."

Joe Rogaly

Protection of privacy

Anyone who read one of Britain's tabloids yesterday would feel the need to wash his or her hands; if you read them all only a hot bath in mild acid would suffice. There is no need to repeat what they said. That would be to fall into the trap of protesting against muck while disseminating it oneself. Let us just say that the popular press was at its most vile.

Yet at breakfast I still doubted the need for a privacy law. The old argument seemed paramount. There is too much secrecy in Britain as it is. Any further obstacle to the free expression of opinion, or the absolute right to publish, would be the thin end of a dangerous wedge. The treatment of Mr Paddy Ashdown was outrageous, but it did not quite justify a new legal constraint.

Then the news came through that the secretary with whom Mr Ashdown had had a brief relationship five years ago had succumbed to hounding by the tabloids. She allowed herself to be photographed, in the hope that the persecution would stop. I believe that there is no legitimate public interest in the Liberal Democrat leader's long-past private behaviour, but others may disagree. When it comes to the woman in the case there is no room for argument or doubt. She is a private person who, in the words of her statement, has been subjected to "intolerable pressures and intrusions" by hirelings of the popular press. This is something against which there ought to be a law.

Nothing will be done this side of an election, after which everyone may have cooled down. Mr Kenneth Baker, the home secretary, is disposed to give the present system of self-regulation by the Press Complaints Commission another year in which to prove itself. He does not believe that it has yet done so. A Labour government would probably take the same view, although it would have as much reason to be ill-disposed towards the tabloids (the Mirror excepted) as a victorious Conservative government would have to be grateful to them.

Either way, the chairman of the complaints commission, Lord McGregor, has time in which to persuade editors and proprietors that the penalty for publishing intrusive tripe is likely to be irresistible back-bench pressure for new legislation. The back benches will count for something if, as is likely, there is a hung parliament or the next government rests on a slim majority. Lord McGregor argues that a law of privacy would enable public personages or governments to conceal important truths, while the absence of such a law would mean that a small number of individuals would have to suffer horrors of the sort we saw yesterday. Reluctantly, he concludes that we have to accept the latter in the *interests of a free press in* a democracy.

Nothing will be done this side of an election, after which everyone may have cooled down

This has been the majority view since the Calcutt committee on privacy reported in June 1990. The committee sought to balance article 8 of the European convention on human rights ("everyone has the right to respect for his private and family life, his home and his correspondence...") against article 10 ("everyone has the right to freedom of expression..."). It chose to be guided by the principle that while freedom of expression is pre-eminent, certain exceptions protecting individual privacy may be necessary.

It recommended that media intrusion into private property without consent, and for the purpose of obtaining personal information, should become a criminal offence. The law should provide for injunctions against the publication of stories or photographs so acquired; alternatively the victim could sue. The efficacy of injunctions has once again been thrown into doubt this week but, as to the rest, it must be said that Calcutt had a point.

The committee also rejected a privacy law, partly on principle and partly because there were "more appropriate remedies", presumably including the new Press Complaints Commission. That sounded OK at the time. It sounds less so today. Our own Louis Blom-Cooper QC, who was chairman of the Press Council until the commission replaced it, favours a new tort of "unwarranted invasion of privacy," subject to a "public interest" defence, which would leave it to the courts to fill in the details. There would be no prior restraint, but the media could be sued by aggrieved individuals.

Considering what the judges have done with the law of defamation, I am not too sure about this generalised approach. Our crusty courts would be likely to build up huge defences against reasonable disclosures. The remaining option is debated in Calcutt, and preferred by Mr Geoffrey Robertson QC, a media expert. This is to *specify* what is protected, such as hospital records or stolen documents containing intimate personal details; as to doorstep loiterers armed with notebooks and cameras you could sue against "watching and besetting" your domain. This is the US approach, which did not help Governor Bill Clinton – but there is no protection against an unscrupulous teller of tales.

The case for a privacy law based on specified disclosures of personal information is now hard to rebut. It may not have stopped publication of all of this week's tabloid articles, but editors would have had to weigh the likely cost of a lawsuit, and the strength of a public interest defence. Yet if the papers are to be discouraged from prying into the personal lives of anyone they please, they should also be better enabled to gather real news.

A freedom of information bill, promised by Labour and the Liberal Democrats, should precede a privacy law. We also need to subject the activities of our spies to proper scrutiny. The present security service and official secrets acts would cover up illicit break-ins. This is particularly worrisome in a week in which many people once again suspect the secret services of being up to dirty tricks.

LETTERS

Union leader reasserts view of UK traditions

From Mr Ken Gill.

Sir, Your report ("Union leaders admit upsetting Japanese", February 3) on the recent visit of a small group of TUC leaders to Japan shows that at least one TUC resolution is helping to influence the world – would that there were more! The fact that Japanese business leaders want to talk more about the British TUC's policy is cheering to those who experience the cold shoulder from their British counterparts.

Your report is wrong to indicate that the suggested talks between the Japanese CBI and the British TUC were on the initiative of the TUC. The initiative came from the Japanese who are worried about their international image and concerned to protect their profitable investments in Britain. I hope that something comes out of these discussions to protect the interests of British employees from alien practices such as no-strike deals and employer imposed choice of union.

Much has been written about alleged insults during that TUC debate. As the resolution's instigator, my union was anxious to show that the practices described above are contrary to British traditions. They also offend the principles laid down by the International Labour Office for the international community on the rights of association and the right to strike. We have been accused of being racist in the use of the word "alien"; reference to any decent dictionary will show the word, when used as an adjective, perfectly sums up this complex set of ideas. Only those weaned on comics and "B"-feature science fiction films make the mistake of accusing us of insulting the Japanese people.

Mind you, the statement made by the Japanese prime minister, a man with little experience of manual labour, about the lack of the work ethic in the US makes you wonder.

Must we look forward to a working life of long hours, company controlled unions, unquestioning loyalty to the boss, and unrestrained discrimination against women workers? Or is there an alternative based on the dignity of labour, which flows from democratic rights and strong independent trade unions at work? This is what the debate is really about.

Ken Gill,
general secretary,
MSF,
Park House,
64-66 Wandsworth Common,
North Side,
London SW18 2SH

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Presidential election no inhibitor of Uruguay Round progress

From Mr Harry L Freeman.

Sir, You quote (World Trade News, February 5) EC vice-president Franz Andriessen as saying that if the Uruguay Round of the Gatt is not concluded by around Easter, nothing more can happen in 1992 because of the US presidential election and "its heavy stress on isolationism and economic nationalism will thereafter close that window for the remainder of 1992".

Mr Andriessen, being the gentleman that he is, conveniently uses the US elections as an inhibitor. Perhaps he should look at election uncertainties closer to home as a cause of the lack of real progress in the Uruguay Round.

Last week, the French Socialists lost six important by-elections; this might inhibit President Mitterrand from relaxing his position on agricultural subsidy reform. The Italian election is set for April 5, and your report is that the parties in power are pretty shaky. Of course, there is the approaching election in Britain where the polls see-saw virtually daily. Ireland's prime minister just fell. Chancellor Kohl's party seems to be having some problems. And so forth in the EC.

Beyond the EC, Canada's prime minister's standing is low in the polls. Australia's prime minister has changed, and there are rumours circulating concerning a possible shortened term for the Japanese prime minister. And so forth around the world.

Hence, laying a possible delay wholly on US elections (and, incidentally, the congressional elections should be more of a concern than the presidential election) may be convenient for EC commissioners, but such inaccurate finger pointing is not all that helpful in dealing with the real problems of the Uruguay Round. From an American viewpoint, more leadership from the EC and Japan would be welcome.

Harry L Freeman,
The Freeman Company,
1101 Pennsylvania Avenue NW,
Suite 510, Washington DC, US

No failure of national accounts

From Sir Jack Hibbert.

Sir, I was astonished to read your comment ("Save the PSBR", February 6) that the failure to distinguish between current and capital expenditure in the national accounts is more than mere semantics. Current expenditure has been distinguished from capital in the national accounts produced by the Central Statistical Office since the 1940s. Perhaps you were thinking of some other "national accounts" of which I am not aware.

Jack Hibbert,
director,
Central Statistical Office,
Great George Street, London

American Airlines' argument for free market on transatlantic route

From Mr Arnold Grossman.

Sir, Readers should be astonished at the article "A Call to Protect British Airways from US Competitors" (January 17) in which Charles Leadbeater reports that the Commons Transport Committee has concluded that "British Airways should be protected from increasing competition from US airlines in Europe until the US aviation market is opened up to foreign carriers."

US airlines only have a 46 per cent share of transatlantic passengers, and 47.5 per cent of the US-UK passengers. UK carriers have far better access to the US that US carriers have to the UK. The air service agreement between the US and the UK allows UK carriers to serve 88 city-pair markets compared with 47 for US airlines. And frequency controls prevent added service on existing routes like Chicago-Manchester.

British Airways effectively serves the US from 67 non-stop destinations behind London Heathrow Airport with a total population of 97.4m – all potential passengers to the US. By contrast, Delta's Atlanta "mega-hub" serves only 50.7m, America's Chicago hub 37.1m and United's Washington hub 23.0m. And the hubs all compete for traffic from many of the same cities.

On average, US carriers provide connections to London from 77 destinations, including many small cities served by commuter airline partners with little transatlantic traffic potential.

In "A Manifesto for Civil Aviation in the 1990s", British Airways observed that liberal aviation agreements "increase the number of airlines, frequency of flights and the seat capacity available on routes within Europe. To say nothing of the value of money enjoyed by passengers".

If liberal aviation agreements are so beneficial in Europe, why are they a liability in the transatlantic marketplace? It is demonstrable that traffic growth between the US and liberal European countries – France, Germany and Switzerland – significantly exceeded passenger growth to the UK. Had transatlantic traffic to the UK increased like that to France, Germany and Switzerland, 700,000 additional US visitors would have spent approximately £965m in the UK

If there is a competitive advantage in the US-UK market, it rests with UK airlines. When the UK embraces free market practices in its aviation relationship with the US, the resulting competition will discipline the air travel market and produce economic prosperity and real value for consumers.

Arnold Grossman,
vice president international,
American Airlines,
PO Box 519616,
Dallas/Fort Worth Airport,
Texas, US

FINANCIAL TIMES
Friday February 7 1992

German telecoms earmarked for sale

By Christopher Parkes in Bonn

THE GERMAN Finance Ministry has named Deutsche Bundespost Telekom, the state telecommunications monopoly, as a prime candidate for privatisation.

If approved by the cabinet, this would be the government's most ambitious and contentious sale of state assets in the seven years since the sell-off began.

Mr Theo Waigel, finance minister, said problems facing Telekom could not be solved by leaving it as a state-owned concern and undertook to remove obstacles to the sale as quickly as possible.

These include persuading parliament, particularly the Bundesrat (upper house), to change the country's constitution. This lays down that operation of the railways and postal service, including Telekom, "shall be conducted as matters of direct federal administration".

The upper house, dominated by the opposition Social Democrat party (SPD), has shown its power by blocking tax reforms, including an increase in value added tax and cuts in corporate levies.

Mr Waigel, who said he had found wide support for privatisation in other ministries and state authorities, said he had detected signs from the SPD that parliamentary agreement

SPD blocks tax reforms..................Page 2

might be possible. However, suggestions of less radical changes have been met by strong resistance.

A proposed partial privatisation in 1990, to raise funds for rebuilding the east German telephone network, disappeared without trace.

Now, however, with demands for government funding rising on all fronts – Telekom has just started a seven-year, DM200bn ($126bn) investment programme – and the Bundesbank squeezing state borrowing, there is fresh urgency in the search for new resources.

Mr Waigel's scheme emerged a day after Mr Günther Krause, transport minister, proposed merging east and west German railways into a public limited company, to reduce demands on state subsidies.

Telekom's telephone business makes profits of around DM8bn a year, but these are swallowed up by lossmakers such as telex, telegram and directory inquiries.

The government's main privatisation moves so far have been limited to small disposals and the sale of holdings in groups such as Volkswagen, Veba and Viag.

Mr Waigel flatly rejected SPD and trade union suggestions that the state should take over the 6,000 east German companies still under the control of the Treuhand privatisation agency at the turn of the year. About 5,000 had fewer than 250 employees.

West German groups have been noticeably reticent to heed Bonn's plea to join forces to take over the companies, restructure them and then float them on the stock exchange.

Mr Waigel suggested that Treuhand might continue in a privatised form.

Major calls meeting over Ulster

By Ralph Atkins in London and Tim Coone in Belfast

MR JOHN MAJOR, the British prime minister, is to have a meeting with Northern Ireland's main political leaders following the escalation in sectarian killings in the province.

The meeting will be the first of its kind in Downing Street. It marks a recognition by the government that it cannot allow Northern Ireland policy to stagnate before the general election, even if local politicians fail to agree on starting "round-table" political talks.

The prime minister wants local politicians to take more of a leadership role in Northern Ireland following the government's failure to restart round-table talks on the province's political future.

However, Mr Major looks set to rebuff Unionist demands for the internment of terrorist suspects.

The Downing Street meeting, expected early next week, is specifically on security issues. But Mr Peter Brooke, Northern Ireland secretary, portrayed it as part of a wider process of building a dialogue.

Last month, when he shelved his attempts to start formal political negotiations until after the general election, Mr Brooke said local political leaders would continue to meet to discuss matters of common concern.

In a House of Commons statement yesterday, Mr Brooke was forced to defend the government's handling of security in the province following the outbreak of terrorist violence in which 26 people have been killed there so far this year.

In Belfast the recent killings have created a sense of shock and foreboding about the future, even in a community which has become hardened by two decades of violence.

The security situation "is not and will not be allowed to get out of control," Mr Brooke said. But he met with protests

Peter Brooke leaves No.10 Downing Street after meeting John Major yesterday

Climate of fear settles on sectarian Belfast......Page 6

from Unionist MPs, anxious for the government to take a tougher measures, who argued that 20-years of "direct rule" meant responsibility for security lay with ministers.

When one Tory MP warned that the province was "quite close to sliding into civil war," Mr Brooke replied that it was essential for the government, like the local community, "to keep its nerve".

He described the recent incidents – the latest of which saw five Catholics killed in a Belfast betting shop - as "part of a wider tragedy in which the whole community shares".

Mr Brooke gave no indication that internment was being considered, although it remains on the statute book. Northern Ireland Office officials said that the circumstances of strife and break down in law and order which would justify such a drastic measure were "a long long way off".

Although Mr James Molyneaux and the Rev Ian Paisley, leader of the two unionist parties, and Mr John Hume, of the nationalist Social Democratic and Labour party, and Dr John Alderdice, of the cross-community Alliance party, are all expected to attend there is no sign that political progress is any more likely.

At Commons' questions, Mr Paisley told the prime minister that talking would not solve the security problem. "Do you really believe that if the politicians of Northern Ireland at this moment were sitting at a table, the awful atrocities that we have witnessed in the past few days, would not have taken place?" he asked.

American Express accused over Winter Olympics

By Gary Mead in London

AMERICAN EXPRESS, the US financial services group, may face legal action from the organisers of this year's Winter Olympics for allegedly "ambush marketing" the event. The Games open tomorrow at Albertville in France.

Mr Dick Pound, chairman of the International Olympic Committee's marketing commission, yesterday accused American Express of conducting an advertising campaign implying it was an official sponsor of the games, which is not the case.

One of the Olympics' main sponsors is credit card agency Visa, which with 12 other sponsors is paying around £170m towards the cost of staging the games.

Mr Pound said yesterday that "the longstanding war between Visa and Amex continues, just like a Russian novel – no beginning and no end in sight".

American Express has taken magazine space and billboard posters in Albertville, with slogans such as "Amex at the Games". Mr Pound said that by its advertising campaign Amex was "trying to undercut Visa".

Mr Pound said: "Amex is big enough and experienced enough to know what it is doing and it's a shame that such a company is using such tactics."

According to Mr Pound, American Express was offered sponsorship rights by the IOC for the 1988 Winter Olympics but declined; Visa then took up the option and it was given first refusal this time.

Mr Pound declined to comment on how much Visa was paying to sponsor the games but it is believed to be around $20m.

Mr Frank Vaccaro, American Express's director of public affairs (international), said yesterday that the company was "aware of reports of legal action being taken by the IOC but as yet we have not seen anything and have not been officially informed of any pending legal action".

Mr Vaccaro accused Visa of having conducted a "months-long" comparative advertising campaign in the US, attacking American Express by suggesting that visitors to the games should leave their Amex cards at home because, according to the Visa campaign slogan, "once again the Olympics are not using American Express". He suggested that the IOC was unhappy with the Visa advertising campaign.

Mr Vaccaro said Amex's response was simply to set the record straight, aimed at telling Amex cardholders that the French Alps were not out of bounds for them, and "in no way implies that Amex has any official affiliation with the Olympics". He said that Visa's behaviour was "outrageous; no other official sponsor has been conducting a destructive comparative advertising campaign in this fashion".

The Winter Olympics now derives about half of its income from sponsorship and the other half from television rights; among the other big sponsors of this year's programme are Kodak, Coca-Cola, Mars, Matsushita and Ricoh.

The Visa-Amex battle is likely to become an issue later this year, during the Barcelona Olympics, where Visa is once again the official credit card sponsor.

Bush health package

Continued from Page 1

but will do nothing to make health coverage affordable or ensure that all working Americans have access to quality health care," Mr Gephardt said.

Mr Bush's advisers began drafting an emergency health care reform plan in November, after Senator Harris Wofford, campaigning principally on the issue of universal access to health care, won a surprise victory in a Pennsylvania by-election.

One American in seven – for the most part employed by small businesses which cannot afford corporate health coverage – lacks any form of medical insurance.

The administration and its Republican backers have hotly opposed both options proposed by the Democrats – a nationalised health insurance system similar to Canada's or a "play or pay" system where businesses would have to choose between providing health insurance for their workers or paying a payroll tax into a central state scheme.

UK parties still close in polls as election nears

By Ivo Dawnay and Ivor Owen in London

FRESH evidence of the closeness of the political struggle in Britain emerged last night as two new opinion polls gave contrasting views of the state of the main parties.

A general election must be held by July, with April 9 a favourite among many commentators as the likely date.

A Gallup "snapshot" poll for the Daily Telegraph, conducted between January 29 and February 3, gives the ruling Conservatives 42.5 per cent, five points ahead of the opposition Labour party.

This is a sharp turnabout on last week's 1.5 point Labour lead but a close reflection of the same poll's findings in mid-January.

But in the much larger Gallup 9000 poll, carried out throughout January from a sample of nearly 11,000, Labour has pulled ahead by a statistically insignificant 0.2 points to 39.2 points – its first lead in this survey for four months.

That second verdict

Warning for press after revelations ....Page 6

appeared to be reflect the findings of a Harris poll for the Daily Express. Conducted over the last two days, it has Labour in a one-point lead on 40 per cent, unchanged on last month, with the Tories dropping back from 41 to 39.

In a separate telephone poll, Gallup found that 82.6 per cent believed Mr Paddy Ashdown should continue as leader of the Liberal Democrats with only 4.6 per cent arguing that he should resign. Mr Ashdown revealed on Wednesday that he had an affair with his secretary five years ago.

The polls came as Labour launched a series of blistering onslaughts on the government's economic record, casting scorn on Conservative claims that Britain's recovery is being held back by a world-wide downturn.

Mr Neil Kinnock, the Labour leader, laid into claims by Mr John Major, the prime minister, that the Japanese economy faced recession. Mr Kinnock said a slowdown was not the same as the state of the UK's economy, now "in reverse."

To roars of approval from the opposition benches, he added: "The prime minister, because of his policies, is reduced to imagining recovery at home, while inventing recession abroad."

Counter-attacking, Mr Major replied that Labour's policies would replace low taxation and low inflation for with high tax rates and high inflation and would reverse the best industrial relations record Britain had enjoyed for half a century.

Mr Jack Cunningham, Labour's campaigns co-ordinator, cited the government's increasing use of the parliamentary guillotine to curtail debate on bills as a further indication the election would take place on April 9.

Volcker may advise Russian government on economy

Continued from Page 1

standing with the Russian Central Bank and believes it has sharply reduced credit and money emission. The acquisition of Mr Volcker, with his experience and contacts in US and international financial circles, would lend support and prestige to the Russian economic team at a crucial time.

Mr Volcker would work alongside other advisers to the Russian government – Professor Jeffrey Sachs of Harvard, Professor Richard Layard of the London School of Economics and Professor Anders Aslund of the Stockholm Centre for Research into East European and Soviet Economies.

Since leaving the Federal Reserve Board, Mr Volcker has divided his time between teaching at Princeton's Woodrow Wilson School of Public and International Affairs and serving as chairman of James D. Wolfensohn, a New York investment bank.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	15	59	Berlin	R	7	45	Caracas	C	27	81	Faro	S	17	63	Islamabad	R	10	50
Algiers	S	19	66	Biarritz	C	9	48	Casablanca	S	17	63	Florence	F	13	55	Istanbul	F	5	41
Amsterdam	F	9	48	Bombay	S	29	84	Chicago	S	-1	30	Frankfurt	C	6	43	Jakarta	R	29	84
Athens	S	13	55	Bordeaux	C	7	45	Cologne	C	7	45	Geneva	C	7	45	Jersey	F	10	50
Bahrain		–	–	Boulogne	C	8	46	Copenhagen	R	3	37	Gibraltar	S	16	61	Johannesburg	S	30	86
Bangkok	F	34	93	Brussels	C	7	45	Corfu	S	13	55	Glasgow	C	9	48	Lima	C	27	81
Barcelona	S	15	59	Budapest	S	6	43	Dallas	S	2	36	Helsinki	S	-5	23	Lisbon	S	12	54
Beirut		–	–	Buenos Aires	F	30	86	Dublin	F	10	50	Hong Kong	C	16	61	London	C	10	50
Belfast	C	8	46	Cairo	S	16	61	Dubrovnik		–	–	Innsbruck	F	5	41	Los Angeles	F	14	57
Belgrade	C	5	41	Cape Town		–	–	Edinburgh	C	10	50	Inverness	C	10	50	Luxembourg	C	5	41

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Madeira	S	16	61	Milan	C	1	34	Nicosia	F	15	59	Salzburg	F	7	45	Tenerife	F	21	70
Madrid	S	11	52	Montreal	S	-21	-6	Oporto	S	18	64	San Francisco	R	11	52	Tokyo	F	6	43
Majorca	S	18	64	Moscow	Sn	-2	28	Oslo	F	-1	30	Seoul	Sn	0	32	Toronto	C	-6	21
Malaga	S	16	61	Munich	C	5	41	Paris	C	9	48	Singapore	F	31	88	Tunis	C	15	59
Malta	S	16	61	Nairobi	F	28	82	Peking	S	4	39	Stockholm	C	-5	23	Valencia	S	15	59
Manchester	C	10	50	Naples	S	15	59	Prague	S	5	41	Strasbourg	C	7	45	Venice	S	8	46
Manila	C	33	91	Nassau	F	25	77	Reykjavik	R	7	45	Sydney	C	23	73	Vienna	R	7	45
Melbourne	C	17	63	New Delhi	F	15	59	Rhodes	S	11	52	Taipei	R	16	61	Warsaw	S	0	32
Mexico City	F	22	72	New York	S	-4	25	Rio de Janeiro	C	30	86	Tangier	S	17	63	Washington	S	-3	27
Miami	F	18	64	Nice	C	15	59	Rome	S	14	57	Tel Aviv	F	13	55	Zurich	C	5	41

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

THE LEX COLUMN

The logic of the contrarian

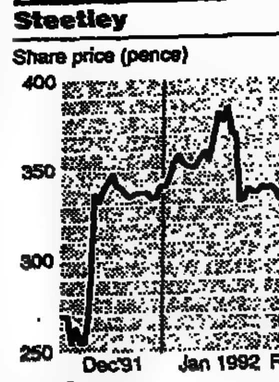
The world seems to have taken on a particularly bearish tone just lately. A few days ago, the head of one of the UK's biggest companies suggested privately that economic recovery, in the sense of a return to the good days of the 1980s, was not going to happen at all. Yesterday the chief central bankers of both Japan and Germany said that they saw no reason to ease interest rates. James Capel, normally one of the chirpier London brokers, has just published a circular dwelling on the dire hypothesis that the next big Tokyo earthquake is overdue. It is enough to make the contrarian buy anything on sight.

The first step might be to look at what has fallen furthest in the past year. In the UK market, this produces the usual suspects: contracting, property, composite insurers and metal-bashers: or among FT-SE stocks, Tarmac, British Aerospace, Lonrho, Royal Insurance and British Steel. Some of the stocks might be worth considering for their takeover potential. When it comes to the sectors, there is a broader question: what are the economic conditions which would make them cheap?

The obvious answer is the traditional one; a fall in real interest rates, produced by the usual combination of lower nominal rates and rising inflation. This is just the solution the German and Japanese central bankers were explicitly rejecting yesterday. In the UK's case, it would also involve a strong inflationary rise in asset prices – houses especially – and of course devaluation. There is a theoretical alternative, consisting of real productivity-led growth in output. But that would take time, and would also involve the UK outpacing its international competitors. It all comes back to a familiar conclusion: the only quick fix for the UK economy is to leave the ERM, and damn the consequences.

FT-SE Index: 2,534.3 (-12.8)

Steetley



Source: Datastream

Perrier

In recent weeks French regulators have struck some welcome blows for minority investors. They were at it again yesterday, when the Conseil des Bourses de Valeurs said that Exor, Groupe Saint-Louis and other Agnelli allies with a combined 49 per cent stake must make a full bid for Source Perrier. There will no doubt be frenzied speculation when Exor and Perrier shares return from suspension on Monday. But there are dangers. The real battle is yet to come in the courts, when the country's fledgling takeover rules will be put to their first major test. The Agnellis can also be expected to try to persuade the EC to block the higher Nestlé offer.

Redland/Steetley

For the next few days the shares of Redland, Steetley and Tarmac – worth £3bn combined – should be left to political insiders. Sharp price movements in all three seem likely next week when Brussels gives its verdict on whether the proposed Tarmac-Steetley joint venture in building materials should be dealt with under EC or UK law.

This is the first time that London has asked to handle a case which, strictly speaking, comes within the scope of the EC merger rules. The outcome looks finely balanced, though slightly tilted in favour of the UK. Mr Lilley, the Trade Secretary, is on solid ground given that the activities to be put into the joint venture are all based in the UK. But when sensitive questions of Brussels competence are concerned, one can never be sure.

The most intriguing question, though, is the implication for Redland's £600m bid for Steetley, which is too small to be referred to Brussels in the first place. Redland has made most of the early running and, subject to any trump cards Steetley has up its sleeve, looks the probable winner. But since the competitive issues in the two bids are broadly similar, it obviously matters a good deal whether they are dealt with in the same jurisdiction, namely the UK. If so, it is equally crucial whether they are referred to the Monopolies and Mergers Commission without disposal conditions, or whether they are allowed to give undertakings to dispose of clay roof tile and/or brick plants in a way that makes their deals acceptable.

In both cases it is possible to make a regional case for and against excessive concentration in bricks. But it is hardly strong. Continued overcapacity and record stockpiles mean that there is little danger of big price jumps even in the medium term. Given the chance, the OFT's outgoing director general, Sir Gordon Borrie, should for once set aside his suspicions of the building materials industry and let both deals be decided by shareholders.

Electricity

The striking thing about the price deal announced yesterday between eight of the UK's regional electricity companies and their regulator was the ease with which it was reached. Clearly the RECs could teach the generators a thing or two about keeping on the right side of the Office of Electricity Regulation (Offer). Granted, Offer adopted a moderate position from the outset last October, so the odds were always on the companies avoiding a damaging confrontation. Yesterday's modest settlement on next year's price increases means they will not have to compromise their progressive dividend policies. Consumers have less reason to be pleased. But at least the settlement means they will pay £30m less next year in compensation for having been overcharged before.

Neither do the RECs have much to fear from Offer's remarks on the general need to reduce the role of inflation forecasts in setting prices. The implication seems to be that Offer would prefer to impose its own central forecast. That might prove awkward if Offer were to err persistently on the low side; but if so, it would bear the blame for subsequent price increases.

True to form, the RECs' shares barely reacted yesterday. Over the last year, the shares have been moved principally by political sentiment. The curious thing is that the sector's present yield premium to the market is not far short of past peaks coinciding with Labour's largest leads in the opinion polls. While the market is demanding such a wide degree of comfort, there seems little additional investment risk attached to a Labour victory. If the Tories were to be re-elected, the shares would be correspondingly cheap.

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INSIDE

UK engineering group expands in US

SENIOR

Senior Engineering Group is to pay $40m for Flexonics, which the UK group describes as the leading manufacturer in the US of flexible tube and metal hose, expansion joints and bellows. Mr Don McFarlane, managing director, said the purchase of Flexonics would make Senior, which specialises in ductwork, heat treatment and tubes, a leading international force in one of its business areas. Page 18

Dealers angry at dealing system

Teething troubles with the government bond dealing system introduced last month in Italy have left traders fuming. Sluggish price reporting and slow response times are just two of the complaints levelled at the new system. Page 15

Conroy under pressure

Mr Richard Conroy (left), the man in the middle of an unprecedented Irish corporate saga, is a man of many achievements. He has proved his worth as an academic, politician and entrepreneur. But the odds seem very much against him retaining his chairmanship of Conroy Petroleum and Natural Resources, a company he founded and which is now under siege by its two biggest shareholders. Page 17

Bankers act against erosion

The image of Swiss banks being as solid as the Matterhorn has taken a bit of a beating lately, but the country's bankers are already taking steps to prevent any further erosion. The country's image as a secure haven for capital has been a source of economic growth, so bankers are understandably eager to preserve that image. Page 14

Every cloud has a silver lining

Anxious grain traders are having lessons in the weather. The Chicago Board of Trade will offer a seminar later this month on El Niño, the weather phenomenon that develops in the equatorial Pacific every three to five years and can cause global climate upsets. Grain traders are keen to know if they can expect this year's El Niño to disturb the US weather pattern sufficiently to make a dent in crop output. Page 20

Masters of all they survey

Surveyors often make much of "knowing the market". Yet "knowing the market" — potentially the key to success — is an all-encompassing catch-phrase that can be a poor substitute for analysis. A client's ignorance of the surveying business is often matched by the surveyor's ignorance of its client's business. Page 19

Bombay on a bull run

After a brief pause earlier this week, the Bombay bourse has continued the extraordinary bull run which started in January, and achieved its second record high in less than a week yesterday. Page 32

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				**Rises**			
Asko Pri	675	+	20	BIC	690	+	22
Porsche	623	+	11	Dollfus Mieg Cie	293	+	15.7
Rheinmetall Bdn	288	+	8	Essilor Int	350	+	22.5
Falls				Imm de France	859	+	32
Lahmeyer	810	–	20	Radiotechn	550	+	38
Lufthansa	151	–	11.8	**Falls**			
Volkswagen	337	–	5.5	CGIP	1071	–	38

NEW YORK ($)				TOKYO (Yen)			
Rises				**Rises**			
Dresser	$20\frac{3}{8}$	+	1	Denyo	2500	+	200
Maxxam	$18\frac{1}{2}$	+	$\frac{3}{8}$	Fuji Kiko	570	+	48
Owens-Corning	$34\frac{5}{8}$	+	$5\frac{5}{8}$	Fukusuke	1250	+	100
Penney (JC)	$59\frac{1}{4}$	+	$1\frac{3}{8}$	Misawa Resort	1200	+	100
Sears	$43\frac{5}{8}$	+	$1\frac{1}{4}$	Nichimo	597	+	47
Falls				Teikoku Sen-I	700	+	100
Vestar	$20\frac{1}{2}$	–	$\frac{1}{2}$				

New York prices at 12:30.

LONDON (Pence)							
Rises				Glaxo	829	–	18
Amber Day	87	+	4	Headway	24	–	3
Bmec	$70\frac{1}{2}$	+	$4\frac{1}{4}$	Inv Inv Tst Jsy	380	–	45
Clarke Foods	88	+	15	J'son & Firth	$55\frac{1}{2}$	–	$5\frac{1}{2}$
Helton	35	+	7	Kwik Save	594	–	32
Hewetson	54	+	7	Lloyds Abbey	380	–	14
Norwest Pits	26	+	3	Osprey Comm	20	–	2
P & P	43	+	4	P-E Intl	94	–	9
Ranger Oil	403	+	15	Quadgold	11	–	4
Stanhope	31	+	3	Seafield	18	–	2
Falls				Vickers	186	–	10
Cable & Wire	560	–	13				

Salomon Inc reports loss of $29m

By Martin Dickson in New York

SALOMON Inc, the US securities house reeling from a bond trading scandal, yesterday reported a fourth-quarter net loss of $29m, due to disappointing securities trading results and a one-time charge at its oil subsidiary, Phibro Energy.

The figures contrasted with the strong profits increase being reported by many Wall Street businesses but were in line with a warning the firm gave in the middle of January.

The final sum produced a loss of 41 cents a share, against a loss of $15m, or 28 cents, a year ago. Salomon Brothers, the firm's securities house, made pre-tax profits of $27m in the quarter, against a loss of $90m a year ago.

Wall Street analysts said the figures appeared to reflect in part the continuing impact of last year's Treasury market scandal, which forced Salomon to shed $50bn in assets and led to the temporary loss of some clients.

The firm is also going through a restructuring which has led to redundancies and poaching of staff by Wall Street rivals.

Salomon declined to elaborate on the securities trading figures, although it has often stressed the volatile nature of its quarterly figures. For the full year Salomon Brothers reported pre-tax income of $1bn, up from $416m, with profitable trading across all leading products. The increase was due mainly to strong revenues from arbitrage and derivatives and fixed income securities trading. Revenues from equities and foreign exchange trading fell.

Salomon Inc reported net income of $507m, or $3.90, up from $303m, or $2.08, in 1990, after taking a $200m third-quarter charge to cover potential costs from the Treasury scandal. In 1990 the company reported $323m of special charges.

Its Phibro Energy unit recorded a fourth-quarter pre-tax loss of $60m, against profits of $62m last year. The figures included a $80m charge to write down the carrying amount of its minimum refining and marketing inventories because of lower oil prices. For the full year it lost $34m, compared with 1990 earnings of $192m.

Salomon Inc's fourth-quarter revenues from principal transactions rose from $215m to $281m, while investment banking was up from $73m to $109m.

However, interest and dividend revenues dropped from $1.58bn to $1.09bn. Compensation and employee related expenses were up sharply, from $242m to $300m.

Deborah Hargreaves and Norma Cohen on the decisions facing BP's Robert Horton

Chairman beset by doubts and dividends

Robert Horton, chairman of British Petroleum, is not the sort of man to bow easily to City of London pressure. But a combination of a weak oil market, a falling share price and a deterioration in the company's financial situation is forcing him into a corner.

He will have to take stringent cost-cutting measures and defer strategic investment if he is to convince investors the company can make a profit at current oil prices.

He is not being helped by persistent City of London rumours of disagreements in the BP boardroom – a rumour strongly denied this week by two of the company's non-executive directors. "I am not aware of any dissension on the board whatsoever," said one.

BP's share price has suffered in recent weeks from speculation over its poor financial performance, which is likely to be reinforced next Thursday when the company reports 1991 earnings well down on the previous year. The share price closed yesterday down 2¼p to 276p.

Mr Horton must also cope with personal unpopularity – among institutional investors who dislike his abrasive manner, and among BP employees fearful for their jobs.

The disaffection has even spread to BP's exploration department, traditionally the core of the organisation.

Mr Horton's internal unpopularity stems in part from the way he is seen as personally associated with recent redundancies. He instituted the Project 90 reorganisation, aimed at changing BP's corporate culture – and like all reorganisations, it has left some people very unhappy.

Another factor is outside his control: his two years at the top of the company have been ones of extremely unstable oil prices. Mr Horton's tenure from March 1990 has seen oil prices as high as $40 a barrel during the Gulf crisis and as low as $18 a barrel today.

Some at the company blame the current mood on the reorganisation, which was designed to remove layers of bureaucracy from the decision-making process.

This makes the company more responsive to market conditions and quicker to react with job cuts and cost-cutting than its competitors.

On the other hand, it is felt in BP's operating divisions that they have had to bear the brunt of the cost cuts, while fat remains at the centre. Critics say that the new structure has isolated top management from other employees and that the company lacks firm direction.

The company's decision earlier this week to classify its nutrition division as a non-core asset underlines the lack of direction, they say. Mr Horton had declared his commitment to the agricultural interests when he took over two years' ago.

In the short term, the City of London's fears are concentrated on BP's policy of raising its dividend in line with the rate of inflation. When it announces its results next week, BP would have to announce a 0.2p increase in the fourth quarter dividend to keep to the policy, say institutional investors.

Anything short of that would be seen in the City of London as backtracking, they say. And because the fourth quarter's dividend sets the pattern for the coming year at BP, a decision simply to maintain the current rate – though enough, on some calculations of inflation, to allow BP to say it had met its policy – would be badly received.

In fact, as Mr Nick Antill at Hoare Govett, the London-based broker, points out, it would not cost much for BP to raise the dividend. To increase it to 4.3p would cost £5.5m ($10m), a small cost for a company with total cashflow of £3bn. Cash is not the only point at issue, however: profits are expected barely to cover the 1991 dividend, at best, and may well not cover the 1992 payout. It is this point that lies behind the rumours of disagreements on the board.

The company said yesterday, however: "There is absolutely no substance whatsoever in all these rumours we've heard about rifts on the board over policy or dividends.

"The dividend policy remains to keep up with inflation. That policy has not changed and cutting the dividend is not part of the policy," the company said.

Beyond the dividend, shareholders are questioning the company's longer term strategy. "They've never been able to demonstrate that they can do anything but find oil," said one. BP's emphasis on exploration and drilling, he said, made it too vulnerable to swings in commodities prices and unable to withstand downturns in oil prices.

Mr Antill said: "Everyone is looking at the earnings cover of the dividend, but they ought to be looking at the investment policy of the last few years which has been based on an over-optimistic estimate of the oil price and those investments are not making a profit."

Faced with an expected decline in its oil production in the mid-1980s, BP began to buy assets to boost output as well as financing an ambitious exploration programme. But several City of London analysts argue that these schemes were based on an oil price closer to $21 a barrel than where it is now – at $18 a barrel.

BP is more broadly exposed to swings in the oil price than many of its competitors and it has based its strategy around a much higher oil price later this decade.

This week at the World Economic Forum in Davos, Switzerland, Mr Horton urged countries from the Organisation of Petroleum Exporting Countries to agree to cut production by at least 1m barrels a day at their meeting next week. He said this could boost oil prices closer to the Opec target price of $21 a barrel. Such a price rise is unlikely, however; that Mr Horton should advocate it in such a public way underlines the pressure the company is feeling from low oil prices.

For all the rumours, Mr Horton's position within the company seems secure. There are no signs that shareholders want a management change.

Institutional investors say Mr Horton is an effective manager who deserves the credit for reorganising decision-making to create a more effective company, at the risk of undermining his own authority in the process.

And, as one senior employee said yesterday: "Horton has to make some harsh decisions. Whoever applies the pain is not going to be popular."

Robert Horton: poor results expected next Thursday

EC may set precedent on Steetley deal with Tarmac

By Andrew Hill in Brussels and Andrew Taylor in London

EUROPEAN Commission merger control experts may set a legal precedent by allowing the UK authorities to examine a proposed merger of the brick, clay tile and concrete businesses of Steetley and Tarmac, two large UK building materials groups.

Sir Leon Brittan, the EC competition commissioner, must rule on the case before the end of next week. Germany has twice asked for the right to examine mergers, but in both cases it has been overruled.

The decision could have a bearing on a rival £600m ($1bn) bid by Redland for the whole of Steetley. British regulatory authorities are currently considering whether to refer the bid by Redland – another UK building materials group – for investigation by the UK Monopolies and Mergers Commission.

Because of the large size of Steetley's and Tarmac's combined turnover, it has fallen to the European Commission to conduct preliminary investigation into the joint venture plan, rather than the UK authorities.

At the end of last month Mr Peter Lilley, the British trade and industry secretary, asked for the right to examine the Steetley/Tarmac deal in London on the grounds that it might affect a "distinct market" in the UK.

All options under the EC's merger regulation are still open, according to officials, but Mr Lilley's request – taking advantage of a special clause in the merger rules – seems to be receiving serious consideration. Sir Leon has three main options. He could:

- reserve judgment on the case and agree to the UK request that it could be examined in London;
- cancel the British request by clearing the merger;
- override the request and open an investigation into the merger's implications for the EC market.

If the commission chooses the first option, it will be the first time since the rules came into force in September 1990 that Brussels has given up its right to look at a merger which falls automatically under its jurisdiction. Officials are worried it might set a precedent which would encourage national authorities to challenge Brussels' hard-won powers over EC mergers more frequently.

If the commission decides to allow the merger, the UK authorities will not be able to open a new investigation into the Steetley/Tarmac deal. They could, however, investigate the hostile bid for Steetley by Redland.

KLM cuts losses in quarter as productivity improves

By Ronald van de Krol in Amsterdam

KLM Royal Dutch Airlines has substantially narrowed third-quarter losses, thanks to the combined influence of a higher load factor, lower fuel costs and improved productivity by its workforce.

The Dutch national carrier said net losses in the quarter ending December 1991, fell to Fl 8.6m ($4.8m) from Fl 213.9m a year earlier.

Nine-month results showed a net profit of Fl 319.8m against a loss of Fl 129.8m in the same period of 1990-91.

"Taking the highly loss-making winter season in the air transport industry into account, we maintain our expectation to end 1991-92 with a modestly positive result," the airline said.

KLM, which is 38 per cent state-owned, gave no indication of whether it would restore dividend payments on this year's results. It did not comment on the progress of partnership talks with British Airways.

KLM was forced to omit its 1990-91 dividend after falling into heavy losses caused partly by provisions to cover a cost-cutting and re-organisation programme.

In the most recent quarter, KLM's revenues rose 21 per cent to Fl 1.99bn, outstripping an 8 per cent increase in costs to Fl 1.88bn.

Revenues and costs were boosted 6 percentage points by the first-time consolidation of the charter airline Transavia.

KLM's load factor, excluding the group's charter airline subsidiaries, rose to 71.7 per cent from 70.9 per cent a year earlier. At the same time, fuel costs fell more than 20 per cent and productivity improved 9 per cent.

At the operating level, results swung into a profit of Fl 114.5m from a loss of Fl 99.3m a year earlier.

However, overall results slipped into the red because of higher financing costs and because of KLM's share in losses generated by airlines such as Northwest of the US, in which it holds a minority stake.

The quarterly figures also include extraordinary gains of Fl 30.6m, partly reflecting book profits from the sale of a 49 per cent stake in KLM's helicopter subsidiary to Rowan of the US.

- Dutch chemical group DSM has agreed to acquire the thermoplastic elastomers division of Canada's Novacor Chemicals, a big North American producer of plastics and petrochemicals.

The buyer is DSM's Elastomers division.

O&Y launches £215m property trust

By John Authers in London

OLYMPIA AND YORK, the Canadian property company, yesterday launched an enterprise zone property trust aimed at raising £215m ($389m) from small investors to finance a building in the Canary Wharf development in London's Docklands.

Under the scheme a completed building at 10 Cabot Square, with more than 600,000 sq ft of office space, will be sold by O&Y to the Cabot Square Trust.

The trust will then be divided into £1,000 units, which will be sold to investors, with a minimum investment of £5,000.

O&Y accepts that the deal, the biggest of its kind yet attempted, effectively offers it a "10-year interest-free mortgage".

However, Mr Robert John, executive director, denied the deal was a change of course, or that it indicated that O&Y was short of cash.

The company has shelved this project until now because it wanted to wait until a completed development was in place, making it easier to attract investors.

New concessions by the Inland Revenue in December last year – particularly a measure granting enterprise zone relief for buildings up to two years after they had been occupied – also made the deal easier.

Cabot Square is more than double the size of the previous largest enterprise zone trust, and will be marketed as a tax shelter.

Investment in enterprise zone property qualifies for full top-rate tax relief.

The trust is open for investment until March 30, when it will be officially formed. O&Y will buy any unsold units, although it has the flexibility to continue selling units in the trust for another two years.

A set of options makes the deal attractive to investors, while safeguarding O&Y. Investors have a "put" option to sell a long lease in the building back to O&Y after 10 years, for the same price paid for it. The company's ability to pay this has been secured by Morgan Guaranty, the US investment bank.

After 12 years, O&Y has a "call" option, to buy the property, and it has further call options, at revised prices, on each subsequent anniversary of the deal.

The building is already 25 per cent let to occupiers who include Ogilvy & Mather, Maersk Shipping and CNA Reinsurance. The projected rental yield is around 7.3 per cent.

Iberia to seek Pta120bn extra state funding

By Tom Burns in Madrid

IBERIA, the Spanish airline, is likely to make a loss in excess of Pta50bn ($498m) for 1991 and is seeking Pta120bn of extra funds from the government.

The loss estimate compares with an earlier forecast of a Pta43m loss and losses of close to Pta14bn in 1990.

The airline has been held in check by the Gulf war, escalating labour costs and a series of acquisitions in Latin America that Iberia views as key components in future realignments among European airlines.

The request for state funds will be formally made next week by Iberia's board to the Instituto Nacional de Industria, INI, the public sector holding company which owns the airline.

Sir Leon Brittan, the European Commission vice-president responsible for competition policies, is understood to have discussed Iberia's bid for a cash injection during talks in Madrid last week with members of the Spanish government.

Iberia discounted press reports that the re-capitalisation plan could come under EC scrutiny and stressed it formed part of a five-year strategic programme to put Iberia on a sounder financial footing.

The airline hopes to reduce its losses to Pta17.9bn this year and to return to some sort of profit in 1993.

Iberia has begun to make its first staff cuts. It will shed 3,000 employees, 10 per cent of its labour force, this year through early retirements and voluntary redundancies. By 1996 Iberia will have increased its fleet from 132 aircraft in 1991 to 176.

A key element in the strategic plan is the beachhead the company has established in Latin America where it controls Aerolineas Argentinas, Viasa, the Venezuelan carrier and Ladeco, a small airline in Chile.

Iberia operates hubs in Buenos Aires and in Santo Domingo and it is scheduled to open one in Miami next week.

The drive into central and South America will be used by the company as leverage in possible future negotiations to form alliances with other European carriers.

Record profits at Hafslund

By Karen Fossli in Oslo

HAFSLUND Nycomed, Norway's second largest stock market listed company after Norsk Hydro, yesterday announced record profits and an increased dividend, plus plans to spin off its shipping operations into an independent company.

The dividend is being lifted from NKr1.75 to NKr2.50 a share. Hafslund also plans to boost share capital by an estimated $100m, by issuing new class-B shares.

The group, best known for its radiology products, improved pre-tax profits by 26 per cent to NKr1.31bn ($211m) for 1991.

Hafslund Transport, the shipping division, is to be demerged through an offer to existing shareholders. The shipping operation, to be renamed Actinor Shipping, comprises 13 ships and a 50 per cent shareholding in an offshore accommodation rig. It has a combined book value of NKr2.6bn.

Hafslund said that, for the time being, it would retain a 25 per cent share in Actinor Shipping and underwrite a limited portion of its debt, to ensure satisfactory loan terms.

Shareholders in Hafslund Nycomed will receive one share in Actinor for every 200 shares in Hafslund Nycomed, resulting in a split of the new shares.

Also, the company will seek to increase share capital by up to 4.5m class-B shares (corresponding to 2.9m old shares), to be used for a possible share offering in connection with aNew York share listing.

Brokers criticised for breach of code

By Richard Gourlay in London

THE TAKEOVER panel has criticised Smith New Court, Henry Cooke and NM Rothschild for breaching the takeover code ahead of Monday's bid by Petrocon, the engineering and surveying group, for James Wilkes, the engineer.

Yesterday's panel statement follows a 26 per cent increase in Wilkes' share price preceding the January 20 announcement that it had received an approach that could lead to a full offer.

Petrocon's advisers, Henry Cooke and Smith New Court, were criticised for not consulting the panel before approaching "a significant number" of Petrocon and Wilkes institutional shareholders to establish attitudes to a possible offer.

More than 10 people are understood to have been approached in breach of the panel guideline that the "circle" of those with knowledge of a possible bid should not be expanded beyond six.

The panel also criticised the two houses for not consulting it on January 15, after the Wilkes price had risen by more than 10 per cent above that at which Petrocon bought a 2.8 per cent stake three days earlier.

It also said Rothschild had breached the code by not making a prompt announcement of the possible offer on behalf of Wilkes after the share price had risen 11 per cent by 11am on February 20.

Neither Rothschild nor Robert Fleming, which has since been appointed adviser to Petrocon, believes the panel's criticism will have any impact on the outcome of the bid.

Petrocon's 13-for-3 all share offer valued Wilkes at £35.8m ($63.6m) yesterday.

Fleming said Petrocon already had non-legally binding written confirmation from holders of 29.1 per cent of Wilkes' shares and that they plan to accept or advise acceptance of the offer.

Swiss bankers hurry to prop up their image

Ian Rodger on the way squeezed margins are forcing a radical shake-out in the sector

The image of Swiss banks being as solid as the Matterhorn has taken a bit of a beating lately, but the country's hyper-sensitive bankers are already taking steps to prevent any further erosion.

Last October, a sizeable Swiss bank was closed without warning by the Swiss Federal Banking Commission. Last week, Crédit Suisse, the country's third largest bank, was stripped of its triple A rating by Moody's, the US credit rating agency. And this week, two regional banks have been rescued by other banks.

In comparison with the havoc being wrought on the banking sector in some other countries – notably Japan and the US – this is minor stuff. And no one familiar with the structure and supervision of Swiss banks would suggest there is cause for major concern.

But Switzerland is a tiny country with few natural assets. The country's image as a secure haven for capital has been a major source of economic growth, so the country's bankers are understandably eager to preserve that image.

The problems in the Swiss banking sector today are not dissimilar from those in other industrialised countries. Some banks expanded their loans too rapidly in the booming 1980s, others spent too much on automating their processes.

And in the tougher climate of today, these excesses cannot easily be corrected.

In addition, protectionism and cartels in the Swiss banking sector supported an excessive number of banks for a long time. There are still over 600 banks in the country and a shake-out has long been expected.

In the late 1970s, the last time there was a squeeze in the Swiss banking sector, the big banks eagerly snapped up small banks to expand their retail networks.

That is not an option today, partly because the big banks are trimming branches and partly because there was a lot of resentment about their barging in to local markets. "We would prefer that local solutions be found for local problems," an official of Crédit Suisse, the third largest bank, said.

However, until the forced closure of Spar und Leihkasse Thun last October, no one noticed the big banks' implicit safety net had developed some big holes. Since then, bankers have been working overtime to put a new safety net in place and this week they unveiled a two-layer system designed to prevent any more forced closures.

First, the Union of Swiss Regional Banks, which represents the smaller local banks that are in the greatest difficulties, has formed an examining board to discover problem cases and try to solve them. Union officials say about a dozen of their 185 member banks are now being examined.

Ideally, another bank will be found to take on the problem bank or its assets, as in the cases this week of Union Bank of Switzerland rescuing Bank EvK in the Bern region and Banque de l'Etat de Fribourg taking over Banque de la Glane et de la Gruyere.

If a problem bank refuses to co-operate, the Federal Banking Commission will apply pressure. If no bank can be found that is willing to take over the troubled bank, a working group within the Swiss Bankers Association will move in to make sure that creditors are protected as far as possible.

Olivetti registers smaller than expected loss

By Haig Simonian in Milan

OLIVETTI, the troubled Italian computers and office equipment group, yesterday clarified uncertainties over its 1991 results by reporting a preliminary loss of around L290bn ($242.2m).

That is appreciably smaller than the L380bn suggested by Mr Carlo De Benedetti, the company's chairman and controlling shareholder, earlier this week.

Mr De Benedetti said losses for 1991 would be equivalent to around 4.4 per cent of last year's group sales of L8,600bn.

Discrepancies arise in the allocation of extraordinary costs stemming from the company's restructuring plan, announced in late 1991, but only being put into effect this year.

Olivetti said the L290bn loss included the cost of 7,000 job cuts in 1991, but excluded any provision for the restructuring announced last November.

The company also revealed that earnings at the operating level had been around break-even last year.

A final earnings figure for 1991 will depend on how extraordinary expenses linked to the restructuring plan are allocated between the 1991 and 1992 financial years, a decision that will be taken by Olivetti's board in April.

Olivetti gave no indication of the size of allocation necessary for the current restructuring programme, which envisages 2,500 job cuts and two plant closures in Italy, as well as unspecified redundancies and factory closures abroad.

However, even in the extreme event of all the restructuring costs being attributed to the 1992 accounts, the L290bn loss is still considerably higher than analysts had expected before Mr De Benedetti's statement.

Meanwhile, talks were continuing between the company and union leaders on the restructuring programme and the possibility of closer collaboration between Olivetti and the public sector.

Nokia acquires rival in FM205m deal

By John Burton in Stockholm

NOKIA, the Finnish electronics group, yesterday bought its domestic TV set competitor Finlux in a complicated FM205m ($47.6m) deal that also affects Nokia's ownership structure.

Nokia will finance the Finlux deal by buying out the 8.5 per cent stake held in Nokia by Kansallis-Osake-Pankki, the troubled Finnish bank, for FM542m and use some of those shares as payment for Finlux, which is now owned by Metra, an engineering group.

Metra will consequently gain a 3 per cent stake in Nokia, whose dominant shareholders are the Union Bank of Finland and the insurer Pohjola, with shareholdings of 12.8 per cent and 8.2 per cent respectively.

The purchase of Finlux, which has annual sales of FM600m, will consolidate Nokia's position as a producer of televisions in its home Nordic market.

Nokia, which is Europe's third largest maker of televisions, also announced yesterday a reorganisation of its ailing consumer electronics division by concentrating television manufacturing at factories in Finland and Bochum, Germany.

A TV plant in Chartres, France will be closed.

RVI returns to black

By Alice Rawsthorn in Paris

RENAULT Véicules Industriels (RVI), the truck and van maker run by Renault, France's state-owned car group and Volvo of Sweden, managed to muster a modest profit last year despite the depressed state of the US and European markets.

This represents a return to the black for RVI after making a loss of FFr102m ($18.8m) in 1990. The company achieved this despite seeing sales fall by nearly 7 per cent to FFr27.5m in 1991 from FFr29.65m in the previous year.

The links between Renault and Volvo, which owns 45 per cent of RVI, recently came under scrutiny during the controversy over Volvo's plans for a merger with Procordia, the Swedish pharmaceutical and food group.

Mr Pierre Colmant, director, said RVI had managed to maintain its European market share at 11.8 per cent. The number of RVI registrations for trucks over 5 tonnes fell by 10.9 per cent, slightly more than the European market as a whole, which slipped by 10.5 per cent to 259,000 units.

In France RVI managed to perform better – or less badly – in sales terms than the rest of the market. In the US, where the market was more depressed than in Europe, RVI sold 11,300 models, against 17,000 in the previous year.

Amev sells Grolsch stake

By Ronald van de Krol in Amsterdam

AMEV, the Dutch insurer, has sold a 5 per cent stake in Grolsch, the Netherlands' second-largest brewer, to an unidentified buyer through a transaction carried out on the Amsterdam Stock Exchange.

It sold the shares on Monday for Fl 179.00 ($100) each, one guilder below the price prevailing on the bourse that day. According to the bourse's official price gazette, the shares were then sold on to an undisclosed buyer for Fl 179.50. Yesterday, Grolsch closed Fl 1.50 higher at Fl 182.50. Amev said the sale was not connected to Grolsch's agreement on buying Ruddles, the UK brewery, from Courage, a subsidiary of Australia's Fosters Brewing.

Whenever they invest in domestic companies, big Dutch institutional investors tend to hold at least 5 per cent of the capital in order to qualify for tax breaks. Under new Dutch legislation which took effect this month, investors must inform publicly quoted Dutch companies whenever their shareholdings rise or fall below the 5, 10, 25, 50 and 66% per cent barriers. Among Grolsch's biggest shareholders are members of the founding Groen family, who own around 40 per cent of the capital. The company has said around 25 per cent of its shares are held by UK institutional investors.

INTERNATIONAL COMPANIES AND CAPITAL MARKETS

Canadian air carriers clash over foreign equity issue

By Bernard Simon in Toronto

A HEATED row with strong political overtones is brewing over the future of Canada's two main airlines.

While Canadian Airlines International is seeking a foreign equity partner as a possible solution to its financial problems, its arch-rival Air Canada has launched a public campaign against increased foreign involvement in the airline industry.

Air Canada, also deep in the red, would prefer a merger of the two airlines. It has hired one of Canada's most highly regarded lobbyists to press its case in Ottawa. The carrier this week released a public opinion poll showing that the vast majority of Canadians would prefer a domestic merger to greater involvement by a US carrier in the industry.

Canadian Airlines is believed to be negotiating the sale of a 49 per cent interest to Dallas-based American Airlines. Such a deal would require a relaxation of foreign ownership rules, which restrict foreigners to a 25 per cent equity stake in any domestic airline.

The one point of agreement is that the two airlines will not survive in their present form. Mr Ted Larkin, analyst at Bunting Warburg in Toronto, estimates Air Canada will suffer a C$30m (US$25m) loss this year, while Canadian will lose about C$80m. Their combined 1991 loss is estimated at C$350m.

Critics of a deal between the Canadian carrier and a US airline are concerned that even a minority stake would give the much larger foreign carrier effective operational control over Canadian Airlines.

Air Canada would have little choice but to follow a similar route, thus marking the end of an independent Canadian airline industry. On the other hand, a merger would create a cumbersome domestic monopoly which might be forced to lay off thousands of workers.

Tenneco set back by poor performance of Case arm

By Martin Dickson in New York

TENNECO, the US conglomerate undergoing a significant restructuring, yesterday reported a fourth-quarter net loss of $26m as its troubled J.I. Case farm equipment business continued to operate heavily in the red.

Mr Michael Walsh, the group's new chief executive, said the first quarter was likely to continue being difficult, due to lingering recession and because sales of farm and construction equipment were traditionally weak during the period.

However, for the year as a whole the chief executive expected significantly stronger results, because of the restructuring programme and new sources of revenue, which include income generated by newly completed pipeline projects.

The fourth-quarter loss, which worked through at 24 cents a share, included $65m of pre-tax provisions for claims and litigation. The quarterly deficit compared with income of $130m, or $1.08 a share, in the same period of 1990.

Revenues dipped from $3.88bn to $3.64bn.

For the full year Tenneco reported a net loss of $732m, or $6.09 a share, which included $552m of restructuring charges, compared with net income of $561m, or $4.37, in 1990.

Case, which has been suffering from weak markets for its products and poor inventory control, had a $22m operating loss in the fourth quarter, against income of $54m in the year-earlier period.

The division said that it expected its restructuring moves to improve results significantly in 1992.

Tenneco's pipeline operation had stable operating income of $99m, compared with $98m a year ago, but several of its other divisions also reported lower profits.

Mr Walsh said the company had held its total debt to capital ratio, on an industrial basis, to 59 per cent at the year-end, compared with 69 per cent at the end of September, thanks to the restructuring plan. This was just the beginning of plans to improve its credit posture, he said.

Provision pulls Waste Management into the red

By Nikki Tait in New York

WASTE Management, the largest US waste disposal company, yesterday reported a fall in 1991 profits to $606.3m from $684.8m a year earlier.

However, the reduction comes after a special after-tax charge of $181m – which represents the company's estimate of its share of future liabilities relating to the clean-up of old disposal sites under the Comprehensive Environmental Response, Liability and Compensation Act.

The company warned last month that the clean-up charge would be taken in the fourth quarter, and yesterday its shares gained ¼ to $46½.

It said profits before this extraordinary item increased from $709.3m to $787.3m, on revenues up from $6bn to $7.55bn.

In the fourth quarter, Waste Management recorded a profits improvement from $195.6m to $207.5m, again before the special charge.

Earnings per share for the year – which saw Waste Management acquire Wimpey Waste Management in the UK via a joint venture partnership with Wessex Water – fell from $1.44 to $1.23, with the special charge accounting for approximately 37 cents.

The company noted that Chemical Waste Management, its 78 per cent-owned subsidiary, had already reported lower fourth-quarter earnings and also saw remedial work slow down as clean-up projects were deferred until this year.

However, it added that Waste Management of North America, Wheelabrator Technologies, Waste Management International and The Brand Companies – all owned directly or indirectly by Waste Management – had improved results in the fourth quarter.

US Treasuries follow the lead of overseas markets

By Karen Zagor in New York and Sara Webb in London

US TREASURIES again tracked the movements of overseas markets yesterday morning, moving slightly higher at the middle of the yield curve with slimmer gains at the long and short ends on unexceptional volume.

At midday, the Treasury's bellwether 30-year bond was ½ higher at 103$\frac{6}{32}$, yielding 7.72 per cent, while shorter-dated maturities were unchanged to $\frac{1}{8}$ higher. Among intermediate issues, the 10-year note was quoted $\frac{7}{32}$ higher for a yield of 7.14 per cent.

With Fed funds trading at 4 per cent, in line with the Federal Reserve's perceived target for the rate, the Fed refrained from operating in the open market for a second day.

Wednesday's Treasury refunding announcement helped calm a market which is focusing on today's employment data.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	98.5812	+0.750	10.22	10.31	9.36
BELGIUM		9.000	08/01	101.9800	-	8.68	8.60	8.74
CANADA *		8.500	04/02	101.4500	+0.550	8.28	8.31	7.98
DENMARK		9.000	11/00	102.5200	-0.080	8.57	8.49	8.61
FRANCE	BTAN	8.500	05/97	[illegible]	+0.190	8.08	8.09	8.09
	OAT	8.500	11/02	100.2500	+0.080	8.45	8.54	8.49
GERMANY		8.000	01/02	100.7300	+0.150	7.89	7.88	7.96
ITALY		12.000	02/02	98.3200	-0.130	12.30	12.22	0.00
JAPAN	No 119	4.800	06/99	95.1305	+0.298	5.74	5.59	5.64
	No 129	6.400	03/00	105.6153	+0.444	5.40	5.27	5.27
NETHERLANDS		8.250	02/02	99.3600	+0.030	8.35	8.33	8.29
SPAIN		11.300	01/02	102.4300	-0.090	10.87	10.81	11.18
UK GILTS		10.000	11/96	101-28	+4/32	9.49	9.54	9.78
		9.750	08/02	102-25	+0/32	9.33	9.41	9.47
		9.000	10/08	98-30	-4/32	9.12	9.18	9.35
US TREASURY *		7.500	11/01	102-15	+8/32	7.14	7.25	6.76
		8.000	11/21	103-06	+5/32	7.72	7.75	7.43

London closing, *denotes New York morning session. Prices: US, UK in 32nds., others in decimal. Yields: Local market standard. Technical Data/ATLAS Price Sources

GOVERNMENT BONDS

There was little reaction to yesterday morning's release of jobless claims for the week ending January 25, which fell 10,000 to 450,000.

■ UK government bonds ended mixed with short-dated issues almost unchanged on the day while longer-dated issues weakened slightly.

The benchmark 11¾ per cent gilt due 2003/07 fell from 116¾ to 116$\frac{3}{32}$. The Liffe gilt future contract traded down from 97.29 to 97.28 on average volumes.

There is some speculation in the market that the Bank of England may announce further tap issues today or early next week following the success of the three tap issues which it sold on Wednesday.

■ GERMAN government bond prices rose, helped by a combination of strong buying interest from traders and the US Treasury bond market lead in the afternoon.

Traders said the Liffe bund futures contract, which opened at 87.90, traded up to 88.04 by late afternoon, breaking through an important resistance level. "The higher prices helped to entice new buyers into the market," said one trader.

Dealers said the main switch trades yesterday were out of the Dutch government bond market into French government bonds, and out of the Danish and German markets into Sweden.

■ SHORT-covering helped to push up Japanese government bond prices which ended higher yesterday after a volatile trading session.

The market opened on a firm note helped by the strength of the US Treasury bond market following Wednesday's favourable announcement on the US Treasury refunding.

However, early gains were wiped out after the Bank of Japan governor said that conditions for well-balanced, sustainable growth in Japan could be in place by June.

The yield on the benchmark No 129 JGB opened at 5.465 per cent and traded in a range of 5.385-5.52 per cent before closing at 5.395 per cent.

US stores turn in better sales

By Nikki Tait

SHARES in retail stocks moved broadly higher yesterday after a number of leading US companies reported relatively healthy same-store sales growth during January.

At K mart, for example, January's same-store sales growth reached 6.2 per cent, compared with 2.9 per cent for the past three-month period.

Mr Joseph Antonini, chairman of the general merchandise stores group, said that sales had been "quite strong in January", and that low pricing had bolstered sales of fashion lines.

J. C. Penney, the Dallas-based department stores group, saw sales on the comparable store basis rise by 7.3 per cent.

Mr William Howell, chairman, commented that performance had been good across the board, but with the men's and women's divisions leading the way.

Wal-Mart Stores, the fast-expanding discount retailer, saw same-store sales rose by 13 per cent, while its Sams Wholesale Clubs division saw 8 per cent growth.

The Gap, the highly successful fashion retailer, reported a 14 per cent advance in same-store sales for the month, compared with a 6 per cent gain in the same month a year ago.

At Woolworth, domestic same-store sales growth reached 6 per cent.

However, Mr Harold Sells, Woolworth's chairman, sounded a note of caution: "January sales increases reflected higher-than-anticipated promotional activity and clearance mark downs in North American general merchandise operations, which were necessary to bring inventories into line.

"We remain cautious in our appraisal of world economic conditions going forward," he said.

Nevertheless, the New York stock market marked up the share prices in most of the US retail companies in yesterday's early trading.

Woolworth rose $¾ to $30, Wal-Mart gained $¼ at $55 5/8 and J. C. Penney rose $2¼ to $59½. The Gap gained $¾ to $55¼ and K mart was $1 higher at $52.

Textron shows 5.8% advance

By Nikki Tait

TEXTRON, the US aerospace and insurance conglomerate, which last month acquired Cessna Aircraft for $600m, yesterday announced a 5.8 per cent increase in 1991 after-tax profits to $299.5m.

Higher earnings from the group's financial services side offset a reduction from the commercial products division.

Earnings per share rose to $3.42 from $3.18 a year earlier. The modest income improvement is scored on slightly lower total sales of $7.84bn against $7.92bn in 1990.

In the fourth quarter alone, net profits improved from $78.1m to $83.3m.

Textron acknowledged that its commercial products operations had suffered a "recessionary decline", principally in the first six months of the year. These businesses range from automotive parts to industrial fasteners.

Overall, operating profits from this division fell from $168.5m to $137.9m during the year, while sales slipped from $1.83bn to $1.77bn.

Profits from aerospace operations were flat for the year at $335.5m, compared with $331m, but within this division Bell Helicopter advanced to $112.7m from $89.5m.

The best performance came from the financial services operations, which turned in $323.7m at the operating level, against $291.9m.

Total operating income reached $797.1m, compared with $789.4m. Interest charges eased from $255.9m to $236.4m.

Imasco's earnings soar 60%

By Robert Gibbens

IMASCO, the financial services, fast-food, tobacco and retailing group, posted a sharp increase in profits in the final quarter of 1991.

It lifted net profits to C$94.4m (US$81.3m), or 74 cents a share, an advance of 60 per cent on the C$59m, or 44 cents, recorded a year earlier. Revenues rose 2 per cent to C$1.28bn.

The company is 40 per cent controlled by BAT Industries, the UK-based tobacco group.

For the year, Imasco earned C$331.6m, or $2.56, up 12 per cent from C$295.1m, or $2.25, in 1990. Revenues were C$5.4bn, a rise of 4 per cent.

On a consolidated basis, tobacco products provided 45 per cent of operating earnings, financial services 37 per cent, retailing 13 per cent and fast food 5 per cent.

Imasco said the tobacco business had been strong in spite of a sharp increase in taxes. Share of the domestic cigarette market was up 2 per cent to 62 per cent.

In spite of bigger loan loss provisions, earnings at Imasco's Canada Trust arm, where a recent US acquisition made a contribution, were up 4 per cent to C$208.5m.

The recession hit the US fast-food business, but Imasco hopes new leadership will reverse the downward trend in earnings.

Forte may seek £85m refinancing

By Christopher Price and Tracy Corrigan

FORTE, the UK leisure group, may have to find £85m to refinance a maturing Eurobond issue with warrants exercisable into Forte shares.

Mr Donald Main, Forte's finance director, said the group would finance the redemption from existing facilities, but plans to return to the bond markets after the general election, to top up liquidity.

The need to refinance has arisen as a result of the company's week share price. Forte's share price is currently languishing 3p below the warrants' exercise price of 228p.

Unless the share price rallies quickly, the warrants will expire worthless. If exercised, the warrants would provide Forte with ample funds – £93m – to redeem the bonds.

The £85m issue of 10¼ per cent bonds launched in February 1987, matures next month. The warrants expire on March 10, but investors normally have to advise the relevant clearing houses, Euroclear and Cedel, about a week in advance if they intend to exercise the warrants into shares.

Forte is considering raising around £150m through an issue of seven-year bonds, according to Mr Main. The company has not yet decided on a currency sector, which will depend on market conditions at the time of the issue.

Forte is also looking at hotel acquisitions in Europe and would consider a rights issue to fund such acquisitions.

The company's current gearing is 44 per cent, with the company forecasting a slight increase to £1.3bn by the year-end.

Reader's Digest in share offer

By Alan Friedman in New York

READER'S Digest, the New York based magazine publisher, said the two non-profit foundations that together control 98.6 per cent of the company's voting stock are planning to make a public offer of 4.5m of these shares, reducing their equity stake to 74.8 per cent.

A share listing is being sought on the New York Stock Exchange for the voting shares, known as class B. The pricing of the share offer, according to a Securities and Exchange Commission filing, will be in relation to the already traded class A non-voting stock. That would imply the share offer could raise more than $200m for the two foundations.

The reason for the offer is that the foundations are required by US tax law to reduce their ownership of voting stock to a total of no more than 50 per cent by the year 2000.

Reader's Digest said that after the class B share offer it planned to repurchase up to 3m shares of class A non-voting stock that is traded on Wall Street. These shares rose by $1½ to $47 yesterday.

It also unveiled a 13 per cent increase in net profits for the second quarter to December 31, to $62.8m. Revenues were 10 per cent higher at $712.4m.

MacMillan Bloedel posts record loss of C$93.4m

By Bernard Simon in Toronto

MACMILLAN Bloedel (Macblo), the Canadian west coast forestry group, has warned that further belt-tightening measures will be needed following a record loss last year.

The Vancouver-based company suffered a loss of C$93.4m (US$79.8m), or 98 cents a share, in 1991 compared with 1990 earnings of C$50.8m, or 37 cents. Sales dropped to C$2.78bn from C$3bn.

Prices for all key products, except lumber, fell last year. Earnings were also hit by the strong Canadian dollar.

The group's pulp mills operated at 76 per cent of capacity and newsprint mills at 72 per cent.

The loss from the group's North American operations was substantially higher than the bottom-line figure. Koninklijke Nederlandse Papierfabrieken, the Dutch fine paper and paperboard maker in which MacMillan Bloedel has a 30 per cent stake, contributed C$47.5m to net equity earnings. Net equity earnings from all of the group's affiliates totalled C$37.7m.

Mr Bob Findlay, the group's chief executive, said that "the Canadian industry and Macblo have never had a tougher year".

He warned that the company "still faces complex problems in the next few years, the most serious of which is that the Canadian industry is no longer competitive with the US. We must face that fact and deal with it quickly."

Macblo has already announced the closure of one newsprint machine on Vancouver Island.

Mitel cuts deficit in third quarter

By Robert Gibbens in Montreal

MITEL, the Canadian telecommunications switching equipment maker 51 per cent owned by British Telecom, reduced losses in the third quarter of fiscal 1992, but the recession continues to delay full recovery.

The loss for the third quarter to December 27 was C$4.4m (US$3.75m) or 6 cents a share after preferred dividends, on sales of C$97.1m. This compares with a loss of C$6.9m or 9 cents and on sales of C$107m for the same period in 1990.

Sales are expected to improve in the final quarter.

The nine months' loss was C$13.7m or 17 cents on sales of C$321m, against C$16.1m, or 20 cents, on sales of C$284m last time.

AT&T sheds jobs

AMERICAN Telephone & Telegraph, the US telecommunications and computer group, is to cut up to 2,000 managerial jobs, about 6 per cent of the total, in its division which makes telephone switching gear, writes Martin Dickson in New York.

The company attributed the move to the competitive pressures of the 1990s. It said the cuts would be made over the next few months and expected them to be covered out of operating expenses.

Anglo-Alpha beats forecast

By Philip Gawith in Johannesburg

ANGLO-ALPHA, one of South Africa's three leading cement producers, did better than forecast to record a 3.6 per cent fall in earnings in the year to December.

Turnover was 4.4 per cent up at R728.2m ($258.6m), reflecting a fall in sales volumes of 10 per cent on average across the group. Net operating income was 19.1 per cent lower at R136.6m. The operating margin dropped to an all-time low for the group of 18.6 per cent from 24.1 per cent in 1990. The performance was better than the 5 per cent decline in earnings forecast at the halfway mark.

The fall in operating income resulted from maintenance costs at the cement division's Dudfield operation and a substantial one-off rise in depreciation costs at the stone division.

Net income attributable to shareholders dropped to R58m from R60.2m. The overall dividend was lifted by 15.2 per cent to 152 cents per share, in line with group policy of declaring dividends at least in line with inflation.

Trans-Natal up 3% at halfway

By Philip Gawith

TRANS-NATAL, the coal producer in the Gencor group of South Africa, raised operating income by 3 per cent to R108.4m ($38.5m) in the first half to December following increased export volumes and reduced costs.

This represents a stabilisation of the group's performance following the closure in January 1991 by Escom, the national power utility, of the Camden and Komati power stations, which were two of Trans-Natal's main customers. This lead to operating profits dropping to R75m in June 1991 from R105.4m in December 1990, and sales tonnage dropping to 13.4m tonnes from 14.1m tonnes.

Although coal sold in the first half remained at 13.3m tonnes, the product mix changed substantially.

Thus sales to Escom dropped by nearly 20 per cent to 4.9m tonnes but sales to other local users rose 7 per cent to 2.9m tonnes.

Exports, which account for 67 per cent of revenues, rose to 5.5m tonnes from 5.3m tonnes.

FAI Insurances shows signs of recovery

By Bruce Jacques in Sydney

FAI Insurances, the Sydney-based general insurance group, remained in the red in the first half to December, but showed signs of recovery from its ill-fated 1980's investment binge.

The company reduced its net loss in the half to A$17.2m (US$13.0m) from A$61.7m on an 8 per cent revenue slide to A$453.6m from A$494.4m. The dividend has again been passed, and Mr Rodney Adler, chief executive, said yesterday there would be no payout until the group returned to profits.

FAI emerged last year as one of the main sufferers from Australia's corporate and property collapses with losses of A$219.2m. The company was particularly exposed to the commercial demise of Perth businessman, Mr Alan Bond.

But Mr Adler said there had been a significant reduction in the company's insurance underwriting loss and a marked improvement in operating efficiency in the latest half.

"The underwriting loss for the half year was A$50m as compared with A$66m for the previous corresponding half year and A$124m for the period 1 January to 30 June, 1991," he said. "More importantly, we believe the trend will continue and our budgets indicate that the underwriting loss for the second half of the year. . . should be lower again."

Mr Adler said the group held cash and liquid securities of more than A$230m at December 31 and had raised more than A$30m from property sales in the half.

"Unfortunately, the financial environment is still very tough and there continue to be significant bankruptcies throughout Australia," he said. "This has caused us to review all our outstanding loans at the half year end which has resulted in an increase of A$7.1m in general provision against these loans."

Mr Adler said reinsurance rates charged to FAI had risen about 25 per cent in the past year and insurance premiums would have to rise further.

The result followed a tax credit of A$6.7m against A$15.7m previously. Interest payments fell to A$14.9m from A$20.6m and depreciation provision rose to A$12.5m from A$9.9m.

Bank of Melbourne changes share issue

BANK of Melbourne said it will make a one-for-four rights issue instead of the convertible preference share issue it announced on January 20, Reuter reports from Melbourne.

The bank said it believed a rights issue would be in the better interests of shareholders after the Australian Tax Office cast doubts on the franking of preference share dividends.

The bank said a prospectus was expected to be released in early March.

Bank of Melbourne shares closed 4 cents firmer at A$4.35. The bank has 79.27m shares on issue.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 2:10 pm on February 6

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABN 9 1/8 94	200	106¼	107¼	+⅛	6.19
ALBERTA PROVINCE 9 3/8 95	600	109	109¾	+⅛	6.55
AUSTRIA 8 1/2 00	400	106	106¾	+⅛	7.47
BANK OF TOKYO 8 3/8 96	100	104¾	105¼	+⅛	7.04
BELGIUM 9 5/8 98	250	110¾	111¼	+⅛	7.42
BFCE 7 3/4 97	150	103¼	103¾	+⅛	6.96
BNP 8 5/8 94	300	106¼	106¾	+⅛	5.78
BRITISH GAS 8 3/8 99	350	104¾	105¼	+⅛	7.52
CANADA 9 96	1000	108¾	109¼	+⅛	6.51
CARCO 9 1/4 96	600	101½	102¼	-1½	8.81
CCCE 9 1/4 95	300	108¼	108¾	+⅛	6.12
COUNCIL EUROPE 8 96	100	104¾	105	+⅛	6.79
CREDIT FONCIER 9 1/2 99	300	110½	111		7.48
DENMARK 8 1/4 94	150	105¼	105¾	+⅛	5.88
DENMARK 9 1/4 96	1571	108¾	108¾	+⅛	6.12
ECSC 8 1/4 96	175	105¼	106¼	+⅛	6.80
EEC 8 1/4 96	100	105¾	106¼	+⅛	6.71
EIB 7 3/4 96	250	103¾	104¼	+⅛	6.73
EIB 9 1/4 97	1000	109¾	110¼	+⅛	7.09
ELEC DE FRANCE 9 98	200	108¾	108¾	+⅛	7.30
EURO CRED CARD TST 9 94	125	103¾	104¼	-⅛	7.38
EUROFIMA 9 1/4 96	100	107¾	108¼	-⅛	6.97
EXPORT DEV CORP 9 1/2 98	150	110½	111	+⅛	7.35
FINLAND 7 7/8 97	200	102¾	103¾	+⅛	7.17
FINNISH EXPORT 9 3/8 95	200	108¾	109	+⅛	6.66
FORD CAPITAL 9 3/4 97	250	105¾	106¼		8.38
GEN ELEC CAPITAL 9 3/8 96	300	108¼	108¾	+⅛	7.11
GMAC 9 1/8 96	300	104¼	104¾	+⅛	7.90
GUINNESS FINANCE 8 94	200	104¼	104¾	+⅛	6.10
IBM INTL FIN 7 3/4 94	200	104	104¼	+⅛	5.75
IND BK JAPAN FIN 7 7/8 97	200	102¾	103¼	+⅛	7.11
INTER AMER DEV 7 5/8 96	200	103¼	103¾	+⅛	6.73
ITALY 8 1/2 94	1500	106¼	106¾	+⅛	5.83
JAPAN DEV BK 8 94	150	104¾	105	+⅛	5.76
KANSAI ELEC PWR 10 96	350	110¾	111¼	+⅛	6.92
LTCB FIN 8 97	200	102½	103	+⅛	7.37
NEW ZEALAND 9 94	850	106¼	106¾		6.16
NIPPON CRED BK 10 3/8 95	150	110¾	111	+⅛	6.88
NIPPON TEL & TEL 9 3/8 95	200	108¼	108¾	+⅛	6.29
ONTARIO 8 1/2 01	600	103¼	103¾	+⅛	7.98
ONTARIO HYDRO 11 5/8 94	200	110¾	110¾	-⅛	5.99
OSTER KONTROLLBANK 8 1/2 01	200	105¼	105¾	+⅛	7.67
PETRO-CANADA 7 1/4 96	200	101¼	102	+⅛	6.82
QUEBEC HYDRO 9 3/4 98	150	109¾	110¼	+⅛	7.78
QUEBEC PROV 9 98	200	106¼	106¾	+⅛	7.66
SAINSBURY 9 1/8 96	150	106½	107		7.40
SAS 10 99	200	106¼	108¼	+⅛	8.72
SBAB 9 1/2 95	500	108¾	109	+⅛	6.50
SNCF 9 1/2 98	150	110¾	111	+⅛	7.36
STATE BK NSW 8 1/2 96	200	104	104½	-⅛	7.38
SWEDISH EXPORT 8 3/8 96	700	105¾	106¼	+⅛	9.11
TOKYO ELEC POWER 8 3/4 96	300	106½	107	+⅛	7.01
TOKYO METROPOLIS 8 1/4 96	200	105¼	105¾	+⅛	6.87
WORLD BANK 8 3/8 99	1500	106¼	106¾	+⅛	7.38
WORLD BANK 8 3/4 97	1500	108¾	108¾	+⅛	6.83
XEROX CORPN 8 3/8 96	100	102¾	103¼	+⅛	7.66

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AMRO BANK 5 3/4 94	200	93¾	94¼	+⅛	8.99
BAPROVEN 11 1/8 95	200	100¼	100¾	+⅛	10.82
BULGARIAN TRADE BK 8 1/2 96	200	83	83	-⅛	13.82
CZECH OBCHODNI BANKA 10 95	350	97¾	97¾	+⅛	10.90
DAI-ICHI KANGYO 5 1/2 94	300	94¼	94¾	+⅛	8.87
DEUTSCHE FINANCE 7 1/2 95	1000	99¼	99¾		7.79
EIB 5 3/4 98	400	90½	90¾		7.74
EIB 6 7/8 95	300	97¼	97¾	+⅛	7.73
EUROFIMA 6 1/4 98	400	92½	92¾	+⅛	7.76
FIRST INTERSTATE 5 3/4 96	100	86¾	86¾		9.81
IND BK JAPAN FIN 5 5/8 96	250	91¼	91¾		8.15
IND DEV BK INDIA 6 3/8 94	200	91	91	+1	10.12
LUFTHANSA INT FIN 5 7/8 98	500	89¾	89¾	-⅛	8.08
NACIONAL FINANCIERA 11 95	150	102¾	102¾	+⅛	10.09
QUEBEC HYDRO 6 3/4 99	300	92¾	92¾		8.12
SWEDEN 6 1/8 98	300	92¾	92¾		7.68
WORLD BANK 0 15	2000	20¼	20¾		6.81
WORLD BANK 5 3/4 96	300	92¾	92¾	+⅛	7.84
WORLD BANK 7 1/8 95	500	98½	98¾	+⅛	7.71

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	92¼	94		6.69
AUSTRIA 4 5/8 98	100	90¾	91¼		6.53
CHUBU ELEC POWER 6 3/4 01	300	100	100¼		6.74
COUNCIL EUROPE 4 3/4 98	250	90½	91	+⅛	6.72
EEC 5 1/2 00	100	92	92½	+1	6.73
EIB 6 1/2 98	600	100¼	100¾	+⅛	6.37
ELEC DE FRANCE 7 1/4 06	100	104	105	-⅛	6.80
FINLAND 5 3/8 95	150	95½	96		6.77
GENERAL MOTORS 7 1/2 95	100	100	100¼	-⅛	7.49
JAPAN DEV BK 5 1/2 94	100	98	98¼		6.59
KOBE 6 3/8 01	240	98¼	98½		6.62
NEW ZEALAND 4 7/8 99	200	88½		+½	7.01
QUEBEC HYDRO 5 08	100	78	79		7.37
WORLD BANK 5 03	150	86¼	86½		6.75
WORLD BANK 7 01	600	103¼	103½		6.51

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	99	99⅜	+⅛	5.30
CREDIT FONCIER 5 1/4 94	20000	99¼	99¾	+⅛	5.53
DENMARK 7 95	40000	104¼	104¾	+⅛	5.37
EIB 4 5/8 94	40000	99	99¼	+⅛	5.10
ELEC DE FRANCE 5 5/8 96	20000	100¼	100¾	+⅛	5.52
FINLAND 6 3/4 96	50000	103½	103¾	+⅛	5.77
INTER AMER DEV 7 1/4 00	30000	109¾	109¾	+⅛	5.75
KANSAI ELEC PWR 4 5/8 94	60000	98¼	98¾	+⅛	5.53
NIPPON TEL & TEL 5 7/8 96	50000	101¼	102	+⅛	5.43
NORWAY 5 1/8 95	50000	99¼	99½	+⅛	5.38
SNCF 6 3/4 00	30000	106¾	107¼	+⅛	5.66
SWEDEN 5 5/8 95	20000	100¼	100¾	+⅛	5.50
WORLD BANK 6 3/4 00	50000	107¼	107¾	+⅛	5.63

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94	95		9.85
COPENHAGEN TEL 8 5/8 96 LFr	600	97¼	98¼	-⅛	9.33
WORLD BANK 8 96 LFr	1000	96¼	97¼		9.02
ALBERTA PROVINCE 10 5/8 96 C$	500	105¾	106¼		8.86
BELL CANADA 10 5/8 99 C$	150	106¼	106¾	+⅛	9.37
BRITISH COLUMBIA 10 96 C$	500	103¾	104	+⅛	8.89
EIB 10 1/8 98 C$	130	104¾	105¼	-⅛	9.04
ELEC DE FRANCE 9 3/4 99 C$	275	103¾	104		9.07
FORD CREDIT CANADA 10 94 C$	100	101	102	-⅛	9.48
GEN ELEC CAPITAL 10 96 C$	300	103¾	103¾		9.09
KFW INT FIN 10 01 C$	400	104¾	104¾		9.26
NIPPON TEL & TEL 10 1/4 94 C$	200	105¼	105¾	-⅛	9.23
ONTARIO HYDRO 10 7/8 99 C$	500	107¼	107½		9.45
OSTER KONTROLLBANK 10 1/4 99 C$	150	105¼	106¼	-⅛	9.13
QUEBEC PROV 10 1/2 98 C$	200	105¼	105¾	+⅛	9.43
BELGIUM 9 1/8 96 Ecu	1250	101¼	101¾		8.63
CREDIT LYONNAIS 9 96 Ecu	125	98¾	100	+⅛	9.35
DENMARK 7 5/8 96 Ecu	250	94¾	95	+⅛	9.47
EEC 7 5/8 94 Ecu	200	97¾	98¼		8.74
EIB 10 97 Ecu	1125	106¼	106¾		8.13
FERRO DEL STAT 10 1/8 98 Ecu	500	106¼	106¾		8.72
ITALY 10 3/4 00 Ecu	1000	111¾	112	-⅛	8.66
UNITED KINGDOM 9 1/8 01 Ecu	2750	104¼	104½		8.41
BP AMERICA 12 1/4 96 A$	100	106¼	106¾	+⅛	10.28
COMM BK AUSTRALIA 13 3/4 99 A$	100	114¼	114¾	+⅛	10.83
EKSPORTFINANS 12 3/8 95 A$	75	109¼	109¾		8.95
EUROFIMA 14 5/8 94 A$	75	110¾	111¼	+⅛	9.14
MCDONALDS CANADA 15 95 A$	100	112¾	112¾	+⅛	10.42
NAT AUSTRALIA BANK 14 3/4 94 A$	150	109¾	110¼	+⅛	9.24
STATE BK NSW 14 1/4 99 A$	100	115¾	116	+⅛	11.08
UNILEVER AUSTRALIA 12 98 A$	150	107	107½	+⅛	10.39
VOLKSWAGEN INTL 15 94 A$	100	109¾	110	+⅛	9.94
ABBEY NATL TREAS 13 3/8 95 £	100	107¾	108¼	+⅛	10.23
ALLIANCE & LEICS 11 3/8 97 £	100	102¾	103¼		10.67
BRITISH GAS 12 3/4 95 £	300	106¾	107¼	+⅛	10.04
BRITISH LAND 12 1/2 16 £	150	106¾	107¼	+⅛	12.01
DEUTSCHE BK FIN 11 94 £	225	102	102½		9.81
EIB 10 97 £	836.5	101¼	101¾	+⅛	9.71
FINLAND 10 1/8 97 £	100	101	101½		9.86
ITALY 10 1/2 14 £	400	103¼	103¾	+⅛	10.13
LAND SECS 9 1/2 07 £	200	89¼	89¾		10.97
NORWAY 10 1/2 94 £	200	101¼	101½		9.88
ONTARIO 11 1/8 01 £	100	104¾	105¼		10.27
SEVERN TRENT 11 1/2 99 £	150	104	104½		10.67
SKANDINAVISKA ENSK 13 1/8 95 £	100	106¼	106¾	+⅛	10.66
TOKYO ELEC POWER 11 01 £	150	105¼	106¼	+⅛	10.00
WORLD BANK 11 1/4 95 £	100	103¾	104		9.95
ABBEY NATIONAL 0 96 NZ$	100	65¾	66¼	-⅛	9.59
BNP 12 96 NZ$	50	108¼	109¼	-⅛	9.36
CEPME 10 95 FFr	2000	102¾	103¼		8.99
ELF-AQUITAINE 9 99 FFr	600	101¼	101¾		8.75

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ALLIANCE & LEICS 0.08 94 £	300	99.53	99.63	10.7675
BANCO ROMA 0.03 01	200	92.00	93.00	4.4050
BELGIUM 1/16 97 DM	500	99.96	100.06	9.5000
BFCE -0.02 96	350	100.27	100.37	4.9175
BNP 05	300	96.63	97.38	5.5625
BRITANNIA 1/10 96 £	150	99.09	99.29	10.7875
CCCE 06 ECU	200	99.91	100.01	[illegible]
CITIZENS FED 0.15 96	100	99.48	99.98	5.9625
CREDIT FONCIER -1/16 98	200	100.21	100.31	5.3438
DENMARK -1/8 96	1000	99.74	99.84	5.6875
DRESDNER FINANCE 1/32 98 DM	1000	99.95	100.05	9.5938
ELEC DE FRANCE 1/8 99	400	101.50	102.50	6.0625
FERRO DEL STAT 94	200	100.73	100.98	5.9375
HALIFAX 1/10 94 £	200	99.92	100.03	10.5375
IRELAND 98	300	99.61	99.71	[illegible]
ITALY 00	500	100.90	101.02	4.5000
LEEDS PERMANENT 1/8 96 £	200	99.36	99.52	11.0000
LLOYDS BANK 1/10 PERP S.3	600	79.50	81.50	6.0375
MITSUI FIN ASIA 1/8 96	100	100.00	100.10	5.9975
NAT WEST FIN 3/16 05	400	92.63	94.13	5.5000
NEW ZEALAND 1/8 96	250	100.30	100.40	4.8150
RENFE 98	500	100.10	100.20	5.0000
SOCIETE GENERALE 96	300	99.95	100.05	5.6250
STATE BK VICTORIA 0.05 99	125	98.60	98.85	4.3625
UNITED KINGDOM -1/8 96	4000	100.04	100.07	4.2500
YORKSHIRE BS 1/10 94 £	[illegible]	99.59	99.68	10.5063

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
BURTON GROUP 4 3/4 01 £	110	2.38	127¾	129½	
CHUBB CAPITAL 6 98	250	86	105¼	106¼	+29.38
DAI-ICHI KANGYO 3 7/8 04	300	3251.8	84½	85½	+14.78
EASTMAN KODAK 6 3/8 01	300	50.67	103½	104¼	+12.78
GOLD KALGOORLIE 7 1/2 00	65	1.0554	84	85	+46.32
HANSON 9 1/2 06 £	500	2.5875	98¼	99¼	+25.08
HAWLEY 6 02 PREF	400	19.1	83¾	85¾	
HILLSDOWN 4 1/2 02 £	150	3.97	116¾	117¾	
LAND SECS 6 3/4 02 £	84	6.72	84¾	85¾	+23.09
LASMO 7 3/4 05 £	90	5.64	75¾	76¾	+79.21
MITSUI BANK 2 5/8 03	200	2337½	83	85	+18.97
MOUNT ISA FIN 6 1/2 97	100	2.283	94½	95½	+20.68
OGDEN 6 02	85	39.077	83¾	84¾	+57.97
SMITH & NEPHEW 4 02 £	90	1.775	121¼	122¾	+45.91
SUMITOMO BANK 3 1/8 04	300	3606.9	68	69	+28.37
TEXAS INSTRUMENTS 2 3/4 02	300	82¾	90¼	91¾	
THORN EMI 5 3/4 04 £	103	7.45	120¼	121¾	+8.51

* No information available - previous day's price
£ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

EC to raise Ecu490m to fund E European loans

By Richard Waters and Simon London

THE European Community is planning to raise Ecu490m in the international bond market, probably next week, to fund a series of loans to eastern European countries.

Mr Antoine Bloch, director of the Commission's funding arm, said in Luxembourg yesterday that the money will be on-lent to cover balance of payments deficits in several countries.

The bond issues will be fully fungible (interchangeable) with an outstanding Ecu250m six-year issue made in December. This fits in with the EC's policy of adding to existing deals wherever possible to create large, liquid issues.

The Ecu490m is needed to fund loans agreed in recent weeks, Mr Bloch said. These include a Ecu150m credit for Romania, agreed in mid-January, and second tranches of loans already made to Czechoslovakia, Hungary and other EC states. The EC's credits and investments division is forbidden under EC treaties from raising money until loan agreements are actually signed.

However, the EC is not ready to advance the second tranche of a Ecu400m loan agreed with Algeria last year, Mr Bloch said. The first tranche was funded by a Ecu250m bond issue in December.

The balance of the loan will only be disbursed to Algeria if a refinancing agreement is reached between the country and its commercial bank creditors. The deadline for the $1.5bn refinancing package, lead managed by Crédit Lyonnais, has been extended and now expires on February 14.

The EC expects to increase its Ecu borrowing substantially this year. Last year it raised around Ecu2bn to fund balance of payments loans, rising to Ecu3.25bn this year.

Around Ecu2bn of this will be raised in public bond markets, Mr Bloch said. The remaining Ecu1.25bn, to fund food purchases by former Soviet republics, will be met by bank borrowings, he said.

In addition, the EC expects to increase its lending under the European Coal and Steel Community to Ecu1.9bn, up from Ecu1.4bn last year and Ecu1bn in 1990. Much of this will be financed in the international bond market.

BankAmerica awakens sector

By Tracy Corrigan

A $200m issue of floating-rate notes for BankAmerica marked the reopening of a dormant sector yesterday. The floating-rate note market led activity in the Eurobond market during the early 1980s. But in 1986, the perpetual FRN market crashed,

INTERNATIONAL BONDS

burying the perpetual market, and reducing the flow of other bank floating-rate notes to a mere trickle.

The last FRN for a US bank holding company, once a leading sector of the market, was a Mellon Bank deal in 1989.

The reopening of the market yesterday reflects the improving credit performance of some areas of the US banking industry. US banks have been returning to their domestic fixed-rate bond market, which BankAmerica itself tapped last week.

Dealers said there is some room in the FRN market for US bank issues, but demand, mainly from banks, will be very selective.

BankAmerica, which is set to merge with Security Pacific, has been perceived as an improving credit since its rationalisation, according to traders. A number of other US banks, still regarded as declining credits, would find it much harder to access the market.

The notes were considered fairly priced at a discounted margin of 50 basis points above the London interbank offered rate, according to lead manager Kidder Peabody.

The deal will also provide a fillip for the secondary market, where bank FRNs are still traded, though spreads between bid and offer prices have widened, and the number of market makers has shrunk.

In the Ecu sector, Osterreichische Kontrollbank added Ecu50m to an outstanding Ecu150m of three-year bonds, via Paribas.

● Salomon Brothers was joint lead and Bear Stearns was co-lead manager of Swiss Bank Corporation's Italy strip transaction earlier this week.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
BankAmerica(b)‡†	200	(b)	99.45	1997	$\frac{3}{8}/\frac{1}{4}$	Kidder Peabody
Bk of Tokyo (Curacao)(c)‡†	100	(c)	100.10	2002	(c)	Bk of Tokyo Cap.Mkts.
ECUs						
Osterreichische K'bk(d)†	50	9	101.225	1994	$1\frac{7}{8}$/1.025	Paribas Capital Markets
D-MARKS						
Daiwa Danchi(a)♦	150	$4\frac{1}{2}$	100	1996	$2\frac{1}{4}/1\frac{1}{2}$	WestLB
Eidensha(a)♦	60	$4\frac{1}{2}$	100	1996	$2\frac{1}{4}/1\frac{1}{2}$	Nomura Bk GmbH
Kimisawa(a)♦	60	$4\frac{1}{2}$	100	1996	$2\frac{1}{4}/1\frac{1}{2}$	Daiwa Europe GmbH
SWISS FRANCS						
BP America Inc.(a)★★†	150	$6\frac{3}{4}$	102	2002	-	SBC

★★Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Coupon pays 37.5bp over 3-month Libor. Non-callable. c) Callable, once only, on 13/3/95 at par. Management & Underwriting fee – 15bp. Coupon pays 50bp over 6-month Libor for first 3 years, then fixed at 9.15% thereafter. d) Fungible with existing Ecu150m deal. Non-callable.

Dealers grit their teeth at lack of progress

Haig Simonian reports on the difficulties dogging Italy's new bond trading system

Teething troubles with the new government bond dealing system introduced last month in Italy have left traders fuming. Combined with uncertainties about the impact of legal changes under the country's new securities law, hard-won progress could be at risk.

Sluggish price reporting and slow response times are just two of the complaints levelled at the new system, run by Societa Interbancaria per l'Automazione (SIA), the bank-owned company which already operates Italy's computerised money markets.

The new network replaced a Reuters system which underpinned Italy's screen-based primary dealers system. The new system, heralded as more flexible and faster than its predecessor, was seen as a further important step in the continuing modernisation of the bond market.

SIA promised many additional features, especially the extra capacity to include more primary dealers and far more bonds. Capacity limitations for the booming bond market had been one of the biggest complaints.

However, the new network, linking the 24 primary dealers which make markets in a select number of government bonds, has been dogged by technical problems. Although the number of breakdowns has fallen, price updating remains slow, especially when volume surges.

Dealers in Milan are now cautiously optimistic that the bugs are being overcome. "When it works, it's far superior to what we had before," says one. But even after all the problems are resolved, the changeover has fuelled growing complaints among dealers outside Italy about unfair competition in securities trading.

The problems with the new network mean traders in London, who should receive up-to-the minute prices via a data link from SIA to other international data sources, have found themselves confronted with prices which have been up to three hours out of date.

"We keep open lines with brokers in Milan, but it's proved a terrible handicap," says one dealer. The result has been that foreign demand for Italian bonds has cooled, while arbitrage based on price differentials between the cash and futures market, listed on Liffe in London, has dried up altogether. Innovative instruments and improved trading practices have been the foundations to the growth of the Italian bond market in the past two years. Increased demand, particularly from abroad, has in turn allowed the government to extend the maturity of its debt, and, indirectly, lower borrowing costs.

So the latest setbacks have rekindled fears that turnover may now decline as outsiders lose confidence in Italian paper. "Italy can't afford a situation in which international investors return to the old preconceptions," says one London-based trader.

Some non-Italian dealers even see the new dealing system as part of an ill-concealed campaign to handicap non-Italian banks compared with their

Italian government bonds

Average daily turnover on screen-based secondary market (Lira bn)

* First three weeks.
Turnover has been affected by introduction of a new dealing system
Source: J P Morgan

domestic rivals. "Why couldn't they have run the two systems in parallel to sort out any problems?" asks one. "It's clearly one of a number of political decisions aimed at bringing the market back to Italy."

Such accusations have struck a chord among foreign investment banks currently fighting Italy's new securities trading laws, which threaten to put them at a severe disadvantage compared with domestic counterparts.

The problem has been the law inaugurating the Societa di Intermediazione Mobiliare (Sim), Italy's new breed of securities broking and fund management institution. As matters stand, it obliges companies trading in Italian securities with certain types of Italian counterparties to establish a local Sim.

The new rules, which took effect last month, remain unclear in many respects, and the requirement to set up a Sim is not being rigorously enforced. But many foreign houses, especially those which have been concentrating their trading activities in London, have complained bitterly.

Together, the technical bugs and doubts about the Sims law have dampened turnover on the bond market this year. Although volume on the primary dealers system exceeded L8,000bn ($6.67bn) on Monday – high by local standards – some dealers say trading would have been much greater but for foreigners' caution. "The official turnover figures don't include international investors outside the dealers' system. They are the ones staying away," one trader said.

The clouds over the market have obscured continuing progress on other fronts. Last month, the government announced the abolition of withholding tax on interbank deposits. Although the step has little direct effect on bonds, the move should create greater liquidity in the banking system in general and consequently increase domestic demand for government paper.

The government has also stuck to its commitment, made last April, to repay billions of lire in withholding tax due to eligible foreign investors in Italian bonds. Repayments have been moving smoothly since starting last September. "The finance ministry has shown that funds are available," says Mr Hendrik van Riel, general manager of J. P. Morgan in Milan.

However, dealers still complain that the system, which provides repayments within 60-90 days of applications being filed, is too cumbersome. Complex forms, which can only be compiled manually, make the procedure time-consuming and expensive. Moreover, important double taxation treaties with countries like France and Germany, which would simplify repayment procedures, have not been approved by the Italian parliament.

Doubts also surround the plan, announced last year, to set up a futures and options market on government bonds. Under the scheme, the new market, which will not be a physical exchange but a computerised addition to the existing primary dealers' system, should be operating by the middle of this year.

Some progress has been made. At a meeting last month in Rome, draft proposals were presented for a clearing and guarantee house – a pillar for the new market – and much of the legal framework has been defined. Clearing software is to be provided by ICCH, the London-based clearing organisation, while a Canadian group, STM, is to provide trading software.

But even domestic dealers are sceptical that a system can be ready by mid-year. "There are essential pieces still missing," says one banker involved in the talks. "With Italy's reputation, they can't afford to make mistakes," notes another. "It will have to be super-good from the start."

OSE clamps down on derivatives

By Emiko Terazono in Tokyo

NEW measures to dilute the impact of trading in Nikkei 225 stock futures and options on the cash stock market were implemented yesterday by the Osaka Securities Exchange, the second largest stock exchange in Japan.

Derivatives trading on the OSE has been blamed for the volatility in the cash market. Alarmed authorities, especially those at the Tokyo Stock Exchange, which has seen trading commissions plunge due to low volumes, have been pushing for controls on derivatives trading.

The move comes at a time when tensions between the OSE and the TSE are mounting. Trading in the Osaka-based Nikkei 225 futures index rose 2.7 times last year, and accounted for 56.2 per cent of the OSE's trading revenue.

At the same time, revenue at the TSE plunged as small-lot investors have become intimidated by the price fluctuations claimed to be created by futures-linked arbitrage.

Traders said the OSE's move would not affect derivatives trading drastically.

The closing time of futures and options trading is being shortened by 10 minutes, to match the close in stock trading, in response to criticism that speculative futures trading after the stock market closed often affected prices on the following day.

● New Japan Securities, a second-tier Japanese broker, said it would close four domestic branches at the end of March.

BCP to seek Es50bn

BANCO Comercial Portugues (BCP), one of Portugal's top three commercial banks, is planning to raise around Es50bn ($370m) on the international markets and domestically to build up its international position and shareholding base, writes Patrick Blum in Lisbon.

The plan, which will be presented for approval at the bank's annual shareholders' meeting in March, envisages the launch of an international bond issue on the Euromarkets for up to Es30bn, part of which will be in convertible Ecus, and the launch of a separate issue of 7.5m American depositary receipts representing BCP shares, and specifically aimed at US investors.

The third component of the plan involves a capital increase with incorporation of reserves and a rights issue. The bank's capital is to be increased by Es11bn through the incorporation of reserves, and by attributing one free bonus share for every six currently held by shareholders and through a 6.6m shares rights issue on the basis of one new share for every 10 held. The

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Thursday February 6 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Wed Feb 5 Index No.	Tue Feb 4 Index No.	Mon Feb 3 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (178)	780.92	-0.4	8.69	6.15	14.72	0.52	784.16	787.82	785.38	740.67
2	Building Materials (23)	953.37	-1.1	7.30	6.53	18.55	0.44	964.22	966.69	963.73	1027.79
3	Contracting, Construction (28)	880.14	+0.1	9.04	8.44	15.97	0.00	879.01	872.77	864.31	1140.99
4	Electricals (7)	2430.61	-0.6	10.13	6.15	12.42	0.00	2453.61	2470.86	2483.70	1966.49
5	Electronics (26)	1765.31	-0.2	10.40	4.05	12.18	1.00	1768.82	1784.26	1770.52	1611.26
6	Engineering-Aerospace (8)	328.39	-0.2	16.25	7.91	7.48	0.74	329.06	331.40	329.29	389.03
7	Engineering-General (43)	487.17	-0.7	9.75	5.06	12.65	0.92	490.72	489.58	488.97	360.23
8	Metals and Metal Forming (10)	327.63	+0.6	2.13	10.60	-	0.00	325.03	327.95	326.29	412.36
9	Motors (14)	303.24	+0.1	8.38	7.80	15.86	0.00	303.03	301.02	302.11	287.85
10	Other Industrial Materials (19)	1577.60	-0.3	7.62	5.20	15.60	0.69	1582.56	1599.17	1593.47	1313.12
21	CONSUMER GROUP (188)	1652.66	-0.5	6.99	3.33	17.61	1.80	1660.57	1662.99	1666.71	1271.97
22	Brewers and Distillers (23)	2055.93	-0.3	7.83	3.45	15.40	7.92	2062.44	2076.90	2092.14	1615.32
25	Food Manufacturing (18)	1257.99	-0.2	8.57	4.04	14.41	2.11	1260.10	1264.51	1259.65	1075.08
26	Food Retailing (17)	2517.50	-1.0	8.78	3.29	14.81	0.39	2542.71	2550.30	2559.81	2452.26
27	Health and Household (24)	4494.76	-1.4	5.05	2.17	22.69	0.88	4558.20	4542.40	4562.36	2721.43
29	Hotels and Leisure (23)	1266.28	....	7.45	5.31	16.74	0.07	1266.17	1264.30	1267.97	1164.02
30	Media (24)	1477.77	+0.1	6.63	3.63	18.98	1.22	1476.47	1489.23	1496.02	1252.30
31	Packaging, Paper & Printing (17)	756.05	-0.2	7.00	4.39	17.32	0.22	757.33	757.74	753.68	531.48
34	Stores (32)	1030.24	+0.7	7.17	3.51	18.48	0.23	1023.25	1022.39	1022.61	818.48
35	Textiles (10)	617.22	-0.1	7.44	5.01	17.15	0.00	617.64	618.08	616.29	407.74
40	OTHER GROUPS (116)	1212.13	-0.2	9.97	5.47	12.65	6.09	1215.10	1219.34	1216.23	1065.87
41	Business Services (16)	1362.08	-1.4	7.36	4.82	17.27	0.00	1380.94	1362.28	1350.80	933.23
42	Chemicals (21)	1486.04	-0.2	6.79	4.92	18.20	0.44	1489.53	1490.82	1499.32	1130.03
43	Conglomerates (11)	1265.12	-0.8	11.46	8.01	10.62	3.11	1275.90	1279.81	1285.31	1373.50
44	Transport (14)	2400.17	-0.1	5.34	4.71	24.65	2.46	2402.22	2407.40	2419.10	1862.82
45	Electricity (16)	1195.76	-0.5	15.17	6.22	8.58	15.30	1202.16	1222.31	1221.64	1131.05
46	Telephone Networks (4)	1401.07	+0.5	11.19	4.47	11.67	15.96	1394.78	1395.11	1384.88	1285.00
47	Water (10)	2361.16	-0.7	10.07	6.73	6.10	0.00	2377.98	2407.67	2371.30	2470.25
48	Miscellaneous (24)	1836.69	-0.4	5.30	5.31	24.50	0.95	1844.63	1851.81	1852.12	1691.12
49	INDUSTRIAL GROUP (482)	1292.61	-0.4	8.20	4.48	15.25	2.88	1297.73	1301.16	1300.94	1079.03
51	Oil & Gas (18)	2108.27	-0.5	12.14	6.65	10.90	8.11	2118.97	2141.02	2157.01	2272.89
59	500 SHARE INDEX (500)	1367.40	-0.4	8.63	4.71	14.62	3.28	1372.98	1377.76	1378.67	1178.36
61	FINANCIAL GROUP (87)	722.51	-0.5	-	6.43	-	0.13	726.18	728.50	727.25	749.16
62	Banks (9)	876.06	-0.3	4.38	6.06	46.44	0.00	878.40	875.43	875.94	820.34
65	Insurance (Life) (6)	1400.34	-0.7	-	6.10	-	0.00	1410.41	1417.97	1412.21	1362.24
66	Insurance (Composite) (7)	504.16	-1.3	-	8.65	-	0.00	511.01	513.26	512.75	646.36
67	Insurance (Brokers) (10)	989.68	-0.8	7.82	6.75	16.84	1.80	997.62	1008.55	1000.67	1010.25
68	Merchant Banks (7)	479.23	+0.2	-	4.47	-	0.00	478.11	476.10	472.42	365.34
69	Property (33)	767.61	-0.5	7.49	5.91	18.26	0.44	771.61	788.43	785.64	975.70
70	Other Financial (14)	241.89	....	8.23	7.39	16.05	0.00	241.86	241.37	241.11	246.26
71	Investment Trusts (68)	1183.66	-0.1	-	3.68	-	1.66	1184.85	1183.41	1183.50	1021.71
99	ALL-SHARE INDEX (654)	1213.83	-0.4	-	4.89	-	2.56	1218.83	1222.88	1223.33	1071.46

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Feb 5	Feb 4	Feb 3	Jan 31	Jan 30	Year ago
FT-SE 100 SHARE INDEX♦	2534.3	-12.8	2549.6	2529.7	2547.1	2556.8	2560.2	2571.2	2590.8	2203.7

FIXED INTEREST

	PRICE INDICES	Thu Feb 6	Day's change %	Wed Feb 5	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (26)	122.34	+0.06	122.26	2.05	1.07
2	5-15 years (26)	136.83	-0.02	136.87	1.88	1.97
3	Over 15 years (8)	148.23	-0.15	148.45	2.47	0.36
4	Irredeemables (6)	164.30	-0.23	164.68	2.72	0.00
5	All stocks (66)	134.82	-0.01	134.84	2.03	1.51
	Index-Linked					
6	Up to 5 years (2)	169.09	....	169.08	1.29	0.00
7	Over 5 years (9)	149.66	+0.02	149.63	0.60	0.63
8	All stocks (11)	151.20	+0.02	151.18	0.69	0.54
9	Debs & Loans (62)	118.75	-0.02	118.77	3.01	0.40

	AVERAGE GROSS REDEMPTION YIELDS		Thu Feb 6	Wed Feb 5	Year ago (approx.)
	British Government				
1	Low	5 years	8.68	8.74	9.61
2	Coupons	15 years	9.14	9.12	9.64
3	(0%-7¾%)	20 years	9.14	9.12	9.68
4	Medium	5 years	9.46	9.47	10.29
5	Coupons	15 years	9.22	9.20	9.96
6	(8%-10¾%)	20 years	9.17	9.15	9.87
7	High	5 years	9.70	9.70	10.43
8	Coupons	15 years	9.31	9.29	10.11
9	(11%-)	20 years	9.23	9.21	9.97
10	Irredeemables	†	9.34	9.32	9.97
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	3.92	3.92	3.86
12	Inflation rate 5%	Over 5 yrs.	4.29	4.29	4.21
13	Inflation rate 10%	Up to 5 yrs.	3.28	3.28	2.52
14	Inflation rate 10%	Over 5 yrs.	4.11	4.11	4.03
15	Debs &	5 years	10.89	10.92	12.42
16	Loans	15 years	10.66	10.67	12.13
17		25 years	10.50	10.49	11.85

♦Opening index 2535.5; 9 am 2537.6; 10 am 2544.2; 11 am 2548.4; Noon 2539.8; 1 pm 2536.9; 2 pm 2530.6; 2.30 pm 2530.3; 3 pm 2531.7; 4.10 pm 2534.9; (a) 10.54am (b) 2.40pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323. CONSTITUENT CHANGES: Cityvision (29) has been deleted and replaced by Pendragon (9).

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	18	31	31
Other Fixed Interest	6	0	3
Commercial, Industrial	209	321	950
Financial & Property	86	137	568
Oil & Gas	12	29	58
Plantations	0	0	9
Mines	21	51	78
Others	26	66	29
Totals	378	643	1,718

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. * Issue price to private investors. ■ Unit comprising of 5 Ords and 1 Warrant.

LONDON TRADED OPTIONS

February 6 Total Contracts 25,380
Calls 14,696 Puts 10,684
FT-SE Index Calls 2,506 Puts 4,816
Euro FT-SE Calls 906 Puts 1,082
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price. † Long dated expiry months.
Premiums shown are based on middle prices.

TRADITIONAL OPTIONS

● First Dealings Feb. 3
● Last Dealings Feb. 14
● Last Declarations May 7
● For settlement May 18

3-month call rate indications are *shown on this page.*

Calls in Amstrad, Berisford Intl., Bimec Inds., Brown & Jackson, Conroy Petrlm., Dowty, Euro Disney, Expedier, Arthur Lee, Mountleigh, Owners Abroad, Racal Elects., Stanhope Props. and United Energy.

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p								
Allied-Lyons	55	Charter Cons.	40	Ladbroke	17	Sears	$7\frac{1}{2}$	■ OILS	
Amstrad	3	Comm Union	38	Legal & Gen	31	SmKl Bchm A	78	Aviva Pet	$1\frac{1}{4}$
Astec (BSR)	3	Courtaulds	39	Lex Service	16	TI	48	BP	22
BAT Inds	50	Eurotunnel	39	Lloyds Bank	31	TSB	$10\frac{1}{2}$	Burmah Castrol	40
BOC	48	FKI	$5\frac{1}{2}$	Lonrho	20	Tesco	17	Conroy Pet	$7\frac{1}{2}$
BTR	32	FNFC	12	Lucas Inds	9	Thorn EMI	66	Gaelic Res	$\frac{1}{2}$
Barclays	31	Forte	19	Marks Spencer	22	T & N	11	Premier Cons	8
Blue Circle	22	GKN	25	Midland Bank	19	Unilever	70	Shell	37
Boots	33	Gen Accident	38	NatWest Bank	24	Vickers	14	Tuskar Res	1
Bowater	[illegible]	GEC	15	P & O Dfd	34	Wellcome	75	■ MINES	
Brit Aerospace	27	Glaxo	70	Racal Elect	$4\frac{1}{2}$	■ PROPERTY		RTZ	39
British Steel	5	Grand Met	78	RHM	18	Brit Land	21		
Brit Telecom	24	GRE	11	Rank Org	45	Land Sec.	38		
Cadburys	33	Hanson	16	Ratners	5	MEPC	31		
		ICI	90	Fused Ind	40	Mountleigh	$2\frac{1}{2}$		

Conroy steams into lead-zinc minefield

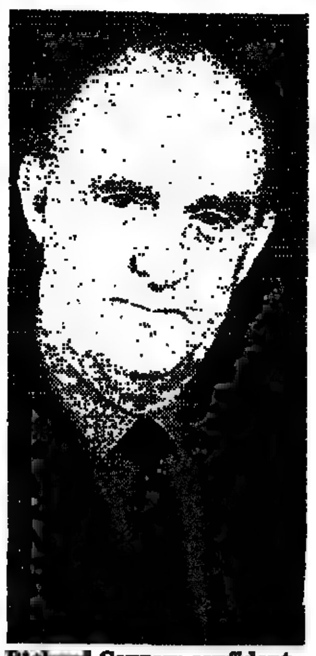
Kenneth Gooding on the upcoming tussle for power on the board of the Irish natural resources group

MR RICHARD Conroy, the man in the middle of an unprecedented Irish corporate saga, is a man of many achievements.

He has proved his worth as an academic, politician and entrepreneur. But the odds seem very much against him retaining his chairmanship of Conroy Petroleum & Natural Resources, a company he founded and which is now under siege by its two biggest shareholders.

Outraged by what they suggest is his autocratic style and an unnecessary acquisition, Outokumpu, the state-owned Finnish mining and industrial group, and Dundee Bancorp, a company which sprang from the recent reorganisation of Canada's Corona natural resources company, want to replace the entire Conroy board.

A special meeting to vote on their proposals will take place on Saturday in Dublin and such is the passionate interest roused, its seems certain that there will be no room for latecomers.



Richard Conroy: confident about the special meeting

All the sound and fury is about something as unsexy as a lead-zinc ore body. This is located at Galmoy in County Kilkenny. Though modest by world standards, it is very significant in the context of Ireland's natural resources. It is also of intense interest to Outokumpu, which already owns Tara, Ireland's biggest lead-zinc mine, and has been scouring the world for more raw material to feed its smelters in Finland.

Outokumpu suggests that Conroy is taking far too long to get Galmoy into production – six years after its discovery, planning permission is apparently still months away. It also insists that the recent £7.7m takeover by Conroy of Atlantic Resources, the natural resources vehicle of the ubiquitous Mr Tony O'Reilly, was not only at too high a price but was also a diversion from Conroy's primary objective: getting metal out of Galmoy.

The irate shareholders say the only apparent reason for the Atlantic deal was to dilute their stakes in Conroy.

Mr Conroy counters by producing figures to show that Atlantic's assets were worth every penny paid and he says that a cash injection for Conroy from Mr O'Reilly personally, which came at the time of the deal, was also useful and well-timed.

While it might seem extraordinary that Mr Conroy did not discuss the Atlantic deal beforehand with Outokumpu, then a 27.6 per cent shareholder, the fact is that he and the Finns have been at loggerheads for some time.

Two Outokumpu representatives on the board quit last year after one of them, Mr Graham Mascall, made some public comments about the Conroy share price which upset Mr Conroy.

Mr Conroy, say his detractors, is impossible to work with. However, that is not immediately apparent from his mild and courteous demeanour. His background certainly equips him to deal with practically anything the world can throw at him.

After winning first place in examinations at the Royal College of Surgeons in Dublin in 1956 he started a successful academic career at Manchester University where he lectured for a number of years.

While in Manchester he experience the first entrepreneurial stirrings when he saw the need for a medical emergency deputising (locum) service. With his brother, Desmond, also a medical doctor, he set up a service up and it still covers nearly 3m people in the greater Manchester area. In 1970, at the age of 35, he returned to his *alma mater* when he was appointed professor of Physiology at the Royal College, a post he still holds.

He became one of the foremost authorities on circadian rhythms or the "body clock" and became an expert on "jet lag". His meetings with senior executives about this gave him a different perspective on business, he says. So did his more recent work on the physiological aspects of decision-making.

He became a Fianna Fail senator in the Irish Parliament, was government spokesman on foreign affairs, and is said to be a good friend of Mr Charles Haughey.

After leading a delegation to the Middle East in 1973 after the first oil crisis, he decided with his brother to set up a natural resources company, Trans International Oil, in Ireland to search for oil offshore.

In 1980 the brothers formed Conroy, also to develop Ireland's petroleum and mineral resources. It was just another junior exploration company until 1986 when the Galmoy deposit was discovered with its potential to produce perhaps 70,000 tonnes of zinc a year.

Outokumpu's arrival on the scene was at first hailed as a coup. As one of the world's leading mining and metals processing groups, Outokumpu gave the Galmoy project increased credibility. It was also widely anticipated that the Finns would eventually take over Conroy.

Now Mr Conroy complains that Outokumpu and Dundee hope, by replacing the board, to take over the company without paying other shareholders for the privilege.

Emotions are now running high, particularly as it is possible to put different interpretations on the same set of facts. For example, Outokumpu says that since 1987 it has made cumulative profits of about $50m from the Tara mine. None of this has been repatriated to Finland but has been ploughed back into a range of Irish ventures, including Tara, Conroy and on a 24.5 per cent stake in Ivernia West, another company with a juicy-looking lead-zinc deposit not far from Galmoy.

Outokumpu says this is evidence of its commitment to Ireland. Its critics say this is evidence of the nationalisation of Ireland's mining industry, not by the Irish but by the Finnish government.

Mr Conroy says he is confident about the outcome of the special meeting. Holding it on a Saturday should ensure that nearly every shareholder who wants to attend will be there. But his board controls less than 15 per cent of Conroy whereas, even after the Atlantic deal, his opponents speak for 43 per cent. And the directors can be dismissed by a straight majority vote.

A business with its sights set on gaining new heights

Andrew Baxter charts the growth of Simon Engineering's powered access division

FOR the superstitious, ladders are best circumnavigated. For John Barker, head of the world's largest producer of powered access equipment, they mean competition – along with scaffolding.

Over the past 18 years Mr Barker, managing director of Simon Access, has built up *what is now a division of* Stockport-based Simon Engineering from virtually nothing to a £150m business. But unlike his products, some of which can soar 200ft in the air, he is keeping his feet firmly on the ground.

In its headquarters building on the edge of a rambling Gloucester industrial estate, Simon Access keeps a database on more than 350 competitors in the world powered access industry, and on all its markets by geography and product sector. "If you asked me for a projection on the utility sector in Peru in 1994, I could give you one," he says.

The meticulous research allows Mr Barker to make a prediction which might look odd to observers of an industry that has been badly hit by the recession – especially in the US and UK construction markets.

A world market worth just £1.2bn in 1990 could grow to £1.7bn by 1995, he says, and Simon plans to raise its share from 15 per cent to between 20 and 25 per cent.

"It's not pie in the sky," Mr Barker insists. Instead, he says, it will require capitalising fully on a 15-year global acquisition and development strategy that has turned the Access division into Simon's second largest behind process engineering, and an increasingly important part of the company as a whole.

The development of Simon Access has coincided with the growth from infancy of an oddball industry producing hundreds of assorted products ranging from simple powered *platforms for industrial* use to self-propelled scissor units and fire units for rescuing people trapped in blazing buildings.

Apart from Simon Access, major players are US-based or Japanese, but can be counted on one hand. Behind them comes a second division of strong regional or national producers, and then hundreds of niche players. All are serving markets with very different characteristics and business cycles, and customers with contrasting preferences and traditions.

In the US, for example, utilities prefer to work on live wires, whereas the current is normally turned off in Europe, leading to totally different design priorities.

Mr Barker has therefore had to steer a steady course between recognising the necessity of staying close to his diverse customer base while deriving manufacturing, product and engineering synergies from a dozen acquisitions and internal expansion.

The original Simon powered access company, Simon-Dudley, had suffered badly in the early 1970s with fixed-price contracts in an era of 20 per cent inflation, but was also based exclusively on truck-mounted platforms. Mr Barker determined to develop powered access as a global market, filling in geographic and product gaps – preferably simultaneously, and by by buying market leaders.

Growth strategy "not pie in the sky", insists John Barker

A key move came in 1978 with the purchase of a Milwaukee-based company now called Simon Aerials, which had developed a range of self-propelled platforms. Three years later, Mr Barker bought Gala, a Thetford-based company with a complementary range of self-propelled machines.

As Simon acquired companies, it tended to move them up-market, so in 1987, Barker went to Cork in Ireland to buy Eurolift, a manufacturer of smaller self-propelled machines, to maintain its position at the lower end of the market.

The biggest acquisition came in 1988 with the purchase of Telelect, a leading US manufacturer of digger derricks, telescopic aerials and cranes. Simon paid an initial $33.6m, plus at least $7.26m based on Telelect profits over the next three years.

By this time however, Mr Barker was thinking of two important markets he had "put to one side" because of earlier difficulties establishing a presence – Germany and Japan.

In Germany, Mr Barker set up a new company in 1987 after previous acquisition attempts failed. Reunification and the subsequent upturn in construction activity produced "a real success story" last year, he says.

But until 1989 the most important gap was Japan, which accounts for 25 per cent of the world market. Ten years ago Mr Barker tried unsuccessfully to buy the market leader, Aichi Sharyo, but now has a joint venture with Tomen, one of the big Japanese trading houses.

While Aichi and Simon pursue a ding-dong battle in Asia, in Japan the UK company is attacking the newer markets for scissor and self-propelled boom units rather than Aichi's stranglehold on the truck-mounted sector.

With the Japanese joint venture, Simon Access has all but completed its global acquisition programme. "We've dealt ourselves a hand, now we've got to play it skilfully," says Mr Barker.

But can it match an internal projection which would imply lifting sales to about £340m in 1995 – after a tough year in 1991?

In its favour is its increasing emphasis on product sectors, such as the utilities business, which are less sensitive to recession. The business just about broke even in the 1980/81 recession, and, says Mr Barker, "the whole plan nearly came unstuck."

Mr Barker hopes Simon Access will be able to take the next downturn on the chin, but this time round, profits are down sharply.

Mr Tim Bennett of Albert E Sharp, the Birmingham broker, forecasts profits of £7m for *1991*, down from £11.8m in 1990 – a figure which he has recalculated to reflect property profits made by Simon as a whole.

Mr Bennett forecasts £8m for this year, which he hopes might prove conservative. There is real recovery potential, he says, at Simon Aerials in Milwaukee, and the possibility that some of the smaller-pocketed US players in the US *might withdraw*.

The real test for Mr Barker and Simon Access in the 1990s will be its ability to move equipment into new markets, and make the most of synergies that are not available to its competitors. Sourcing from the UK and US to sell into continental Europe or Japan will keep Simon busy, says Mr Bennett.

Mr Barker believes that some of the cross-fertilisation he has developed over the past decade is beginning to acquire its own momentum, without smothering the small-company innovation enshrined in the division's federal structure.

There is, though, a nagging problem for Simon Access that does not affect niche players nearly so much – global differences in standards and specification. Conversely, once common standards are introduced – and progress has already been achieved – an increased emphasis on safety and technology makes it harder for the smaller companies to compete.

On Monday, Simon Access announced an order worth more than £1m to supply a cross-section of 23 machines built in the UK, Ireland and the US to Hertz Equipment Rental in Spain. Mr Barker will need plenty more orders like that to meet his targets.

Benson financing for acquisitions

By Angus Foster

BENSON GROUP, the engineering company, plans to strengthen its components and heating businesses with two acquisitions worth a total of £6.68m.

The group will finance the purchases by raising £6.65m after expenses through a placing of 53.8m new shares and an open offer.

Noble Grossart, the merchant bank, will place the new shares at 13p. Existing shareholders will be offered three new shares for every four held.

Mr Richard Phillips, who took over as executive chairman in 1990 and has since returned the company to profitability through disposals and reduced borrowings, said the *purchases fitted with the* group's existing businesses and its plans for Europe.

Benson will pay £4.26m for three West Midlands-based engineering businesses owned by Thama Holdings. It will also pay £2.42m for Pakaway Perrymatics, a manufacturer of heaters and boilers based near Brighton.

The group also announced sharply increased pre-tax profits of £225,000 for the six months to end-November, compared to £35,000 in the same period a year earlier. Earnings *per share emerged at 0.39p* (0.07p). The company intends to pay a final dividend of not less than 0.1p for the current year to end-May, the first distribution since January 1990.

The improved results reflected better margins and a lower interest charge. Following a £2.2m rights issue last July, it has paid off all bank borrowings.

Administrative receivers in at Forwell

By Ivor Dusse

RECEIVERS HAVE been appointed to Forwell Group, the USM-quoted design and technical services company.

Lloyds Bank has appointed Mr Timothy Harris and Mr Christopher Hughes of Cork Gully as administrative receivers to Forwell Design and Contracts and Ferndale Contracts.

Forwell had a short career on the USM. It came to that market via a placing at 62p per share in July 1989 which valued the company at £9.15m. The shares were suspended at 3p on January 31.

In 1989 the group made a pre-tax profit of more than £1m but the following year was forced to pass its final dividend after losses of £1.03m.

In the six months to June 30 1991 the group returned to the black and bank borrowings were reduced by more than £1.5m; at the 1991 year-end bank indebtedness was about £1.4m.

Mr Michael Wheller, chairman and chief executive, said he hoped to put out a statement shortly. He said that the group needed just £600,000 of working capital and that a company doctor, who would have been appointed executive chairman, had joined the group.

SelecTV shows sharp advance at £178,000

SelecTV, the USM-quoted independent producer of television programmes, doubled pre-tax profits from £85,000 to £178,000 in the six months to September 30.

Mr Michael Buckley, chairman, said the most significant factor was the award to Meridian Broadcasting, of which the company was a founder member, of the Channel 3 franchise for south and south east England.

However, SelecTV limited its investment to 15 per cent in order to retain independent producer status for the ITV.

The company will be the sole supplier of comedy and comedy/drama programmes for the Meridian franchise which will lead to more programmes being produced for the ITV network, Mr Buckley said.

Turnover rose to £5.48m (£4.26m), with operating profit working through at £173,000 (£87,000).

Earnings per share came to 0.16p (0.13p).

Asil Nadir fails to get civil action suspended

By David Barchard

MR ASIL Nadir, former chairman of Polly Peck International, the fresh fruit and *electronics conglomerate* which went into administration in October 1991, yesterday failed in the High Court to get a £378m civil action suspended while he faces criminal charges.

The action was launched in October against Mr Nadir and six other defendants by Mr Christopher Morris, of Touche Ross, one of Polly Peck's three administrators.

Mr Justice Knox rejected the claim that Mr Nadir might risk prejudicing his defence in the criminal action by giving evidence in the civil case, but he ordered that future hearings in which Mr Nadir is involved should be heard *in camera* until the criminal case comes to trial. He also asked for the plaintiff of the civil action to given undertakings for Mr Nadir's protection.

The civil case is unlikely to come to trial before the criminal action is heard in the Crown Court, at a date expected to be after January of next year, Mr Justice Knox said.

The plaintiff may not divulge information received in evidence from Mr Nadir to third parties, though it can be passed to the other Polly Peck administrators, Mr Michael Jordan, of Cork Gulley, and Mr Richard Stone, of Coopers & Lybrand Deloitte – provided they respect its confidentiality.

Meanwhile, it has emerged that Mr Nadir recently lost his home at Alford Street in the West End of London because of the bankruptcy action against him and has moved to a relative's home.

He is due to appear at Bow Street Magistrates' court on Tuesday on 72 theft charges and four of false accounting, involving £155m of company funds, when it is expected that arrangements to transfer his case to the crown court will be announced.

Mr Nadir also faces proceedings in the High Court on February 24 from his personal creditors.

They are seeking to have him committed to prison for contempt of court by breaking his undertakings to them.

AmBrit Intl suffers 26% downturn to £127,000

PRE-TAX profits at AmBrit International, the USM-quoted independent oil and gas company which has recommended a £7.3m offer from United Energy, fell 26 per cent to £127,000 in the year to December 31.

The company said that the figure last time had benefited from higher oil prices at the time of the Gulf war.

However, the company fell into losses of £293,000 (profits £164,000) for the year after extraordinary charges of £420,000 which related to the costs of the defence against Pittencrieff's hostile bid and of the offer from United.

Turnover rose to £2.64m (£2.53m) and operating profits fell to £187,000 (£237,000). Earnings emerged at 0.19p (0.25p) per share.

Cashflow from operations increased to £1.24m (£1.05m). Gearing fell from 36 per cent to 23 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Lancs & London ......fin	1.9	Apr 8	1.9	2.9	2.9
P&P ......fin	3†	May 9	3	4.33	4.25

Dividends shown pence per share net except where otherwise stated. †On capital increased by rights and/or acquisition issues.

Tube and hose acquisition funded by £26.6m rights issue

Senior pays $40m for US group

By Andrew Bolger

SENIOR Engineering Group is to pay $40m (£22.1m) for Flexonics, a leading US manufacturer of flexible tube and metal hose, expansion joints and bellows.

Mr Don McFarlane, managing director, said the purchase would make Senior a leading international force in one of its business areas.

Senior, which specialises in ductwork, heat treatment and tubes, is funding the acquisition by a 1-for-4 rights issue at 58p per share, which will raise £26.6m. Senior's shares closed 2½p down at 69½p.

The group, which has been sheltered from the downturn in the engineering sector by supplying ducting to big construction projects such as Sizewell power station, is also maintaining its record of resisting recession.

It yesterday forecast that pre-tax profits for the year to December 31 would increase by 13 per cent to £18.1m, with earnings per share up by 6.6 per cent to 6.5p (6.1p).

The group said it did not have a significant presence in the US flexible hose and expansion joint business, so Flexonics would be a good fit with its existing plants in Europe and the Far East.

Flexonics, a private company with headquarters at Bartlett, near Chicago, made pre-tax profits of £2.4m on turnover of £28.5m in the nine months to end-November.

Despite the recession in the US, it continued to operate at a satisfactory level, and was not expected to dilute the enlarged group's earnings.

Senior intends to keep all the key operating management within Flexonics, In particular, Mr Stephen Perkins had signed a new contract as president of Flexonics, which employs 650 people, all of them in North America. Mr Perkins will now oversee of all of Senior's flexible hose businesses worldwide.

Mr McFarlane will take over as chairman from Professor Sir Roland Smith, who said last year that he would step down in May.

Mr McFarlane will be succeeded as group managing director by Mr John Bell, who has been chief executive of engineering products for several years.

Senior forecast that it would recommend a final dividend of 1.95p (1.78p), giving a total for the year of 3.15p (2.86p), an increase of 10 per cent.

The rights issue is underwritten by Schroders, with Hoare Govett and Albert E Sharp as brokers.

● COMMENT

The need to forecast profits for yesterday's cash call meant that Senior is one of the first engineering companies to report on calendar 1991, but it is already a safe bet that few other will do as well in the forthcoming results season. Senior still gets lumbered with labels such as solid and respectable, which seems unfair to a company which has doubled its share price in the last year. Although the market now feels gloom about engineering was overdone, the very elements about Senior which kept earnings up during recession may now prevent it being seen as recovery stock. Construction services, which provides ducting to big infrastructure projects, seems to have had a record year. The US acquisition looks shrewdly-judged, and positions the engineered products division to benefit from any upturn. Forecast profits of £22.5m next year put the shares on a multiple of about 10, which still seems undemanding for a company with no gearing and a solid track record.

Dawson Intl restructures for growth

By Daniel Green

DAWSON International, the UK's fourth biggest textiles company, is restructuring its businesses to prepare for further launches of its US-made goods into European and Japanese markets.

In a radical change for the group, primarily known for its Pringle and Ballantyne knitwear brands, a structure based on geographical division between the US and elsewhere is being replaced by exploitation of its brands.

"This will allow us to learn from best practice around the company. Before, we were like little boxes," said Mr Ronald Miller, executive chairman.

No job losses will be involved in the changes, he said. Earnings per share should be improved through greater motivation of staff.

"Some brands were small and we were spreading our resources too thinly", said Mr Miller.

The moves are accompanied by a board reshuffle that reduces the number of executive directors from six to three.

Mr Nick Kuenssberg, who joined the company from Coats Viyella in September 1991, moves from chief executive UK to run the Premier Brands unit, covering yarns, fabrics and the woollen brands.

Mr Philip Kemp, formerly chief executive US, will run consumer products, mostly sports clothing. Ms Ann Burdus, director, communications and marketing, Olympia and York Canary Wharf, joins as a non-executive director.

Dawson's products have historically divided by brand. US-made goods have been sold almost entirely domestically. Many are sports clothes often using cotton or polyester fabrics and are a far cry from Dawson's UK-manufactured woollens and cashmeres.

The US has become increasingly profitable for the company: some 60 per cent of Dawson's £28m annual profit last year came from the US.

"The US is now well established in organisational structure and people. Philip Kemp is now able to spend more time in Europe and Japan," said Mr Miller.

Pena sues GWR for unspecified sum

Mr Dan Pena, former chairman of Great Western Resources, is suing his former employer, and individual directors of the troubled oil and gas company, for an unspecified sum.

Mr Pena is claiming entitlement to certain termination payments.

However, Great Western Resources strongly maintains that any such payments would be immaterial after taking account of loans outstanding to Mr Pena totalling £1.4m.

Merrett falls 54% but holds dividend

By Richard Lapper

MERRETT Holdings, the Lloyd's underwriting agent and insurance services group, yesterday reported a 54 per cent fall to £3.21m in pre-tax profits for the year to September 30.

Earnings per share were 10.25p (20.28p) but the dividend is unchanged at 6.25p.

The result largely reflected the recent depression in the London insurance market, where Merrett manages insurance syndicates at Lloyd's of London, and increased costs, especially in the development of its loss adjusting activities.

Total revenues rose to £23.7m (£22.3m), with income from insurance services increasing to £15.5m (£11.5m). UK loss adjusting activities expanded strongly despite better weather conditions which contributed to an increase in the volume of claims handled in 1990.

Profit commissions paid by Names – the individuals whose capital backs the market's underwriting – fell to £3.16m (£6.34m), reflecting the downturn at Lloyd's in 1988, when the market as whole recorded a pre-tax loss of £510m.

Income from agency salaries rose to £5.01m (£4.78m).

Serco set to buy BT's Aeradio offshoot

By Hugo Dixon

SERCO, the fast-growing facilities management group, appears to be close to acquiring International Aeradio Limited (IAL), British Telecommunications' airport and hospital maintenance subsidiary.

Mr David Perkins, Serco's finance director, said yesterday the situation "still is an investigation at this stage and by no means final". He described suggestions that Serco would pay between £10m and £15m for IAL as a "market rumour".

Earlier this week BT said that nothing active was happening with IAL. But the telecommunications group admitted that the subsidiary, acquired in 1986, did not fit its corporate strategy of running telecommunications networks.

IAL staff were originally told that a sale would be completed by the end of January. They now understand that it could be finalised later this month.

Serco raised £9.7m in a rights issue last November. One of its stated reasons for the issue was "to develop through suitable acquisitions", specifically mentioning aviation services as a possibility.

BT bought IAL from STC, the electronics group, as part of its original post-privatisation strategy. It acquired many small, medium and large companies during this period before deciding to refocus on telecommunications services.

It is understood that BT was originally hoping to sell IAL for £30m, but had to lower the price because bidders apart from Serco dropped out.

At one stage Thomson CSF, the French defence group, looked like the front runner.

IAL's turnover is thought to be about £50m following BT's decision to integrate some of its activities with its main business.

At its peak, IAL was thought to have had turnover of about £100m.

Touche Ross, Serco's auditors, have been questioning staff at IAL's headquarters in west London since last October as part of what appears to be a due diligence exercise. IAL has about 600 staff.

Depressed demand and lower margins behind tumble at P&P

By Michiyo Nakamoto

P&P, one of the largest distributors of personal computers in the UK, saw profits nosedive last year as the recession depressed customer demand and intense price-cutting in the industry affected margins.

Despite an increase in turnover to £228.3m (£223.8m) pre-tax profits in the year to November 30 1991 fell from £13.1m to £711,000.

Mr David Southworth, managing director, said the group had been caught by a larger than expected fall in revenue from product sales at a time while it was still investing to build up higher margin computer services business.

The decline was signposted by a profits warning last October. The shares yesterday rose 5p to 44p.

An unchanged final dividend of 3p is declared; after the increased interim this raises the total to 4.33p (4.25p). Earnings fell to 0.9p (18.5p).

UK corporate sales dropped substantially during the year.

Customers cut back investment in computers because of the recession and intense price competition between manufacturers, which led to the average price of PCs falling 40 to 50 per cent. Cuts of that magnitude led customers to put off investment decisions in expectation of further reductions.

Against this backdrop, P&P found itself with continuing high overheads as it built up its services side.

Net operating expenses surged to £41.9m (£27.9m), of which personnel costs, including redundancies, accounted for £6.8m and bad debt and stock provisions £3.1m.

The group was comfortable with its decision to invest in the computer services business from a strategic point of view.

Faced with a wide variety of choices in complicated and costly information technology systems, consumers were increasingly dependent on advice from third parties such as P&P. Its ability to provide that service had won it loyal customers.

But from a profits point of view, customers seeking advice were still unwilling to pay for that advice.

Mr Southworth expected the trend to increase and while P&P had to offer many services free in the past, "we're now in a scenario where nothing is free."

● COMMENT

The PC market will continue to be difficult and product margins are not likely to return to their former levels. The question is how long P&P will have to wait before generating the kind of returns it is looking for and whether it can keep from falling seriously into loss before that happens. The timing of a UK recovery is anyone's guess. That said, however, a recovery will come, if not this year then the next, and P&P is probably better placed than others to withstand prolonged turbulence thanks to the proceeds of its rights issue. Forecast pre-tax profits of £3.5m give a prospective multiple of 10, which is perhaps undemanding given the comfort of nearly £10m net cash and the group's reputation in the sector which strengthens its recovery potential.

Wellcome sells subsidiary to Intl Murex for £15m

Wellcome, the UK pharmaceutical group, has agreed to sell its diagnostics business to International Murex Technologies for £15m.

Wellcome Diagnostics develops, manufactures and markets internationally, kits for the detection and diagnosis of disease and disease-causing organisms.

In the year to August 31, the business recorded sales of £40m.

Under the agreement, the Wellcome diagnostic business worldwide has been transferred to International Murex, including approximately £22m of net assets.

Mr John Robb, Wellcome's chief executive, said the divestiture of the diagnostics business confirmed Wellcome's intention to concentrate on its main pharmaceutical activity, while ensuring that the diagnostics business would continue.

Courage to distribute beer for Japanese brewer

By Philip Rawstorne

COURAGE will begin distributing beer in the UK for Asahi, the Japanese brewer, in April.

Asahi has a 20 per cent stake in Foster's Brewing of Australia, Courage's parent company.

The Japanese brewer at present exports only a few thousand bottles of beer a year to the UK, mainly to Japanese restaurants in the London area.

Asahi will ship its Super Dry brand and expects to sell some 3m bottles during the next 12 months through Courage's national distribution network.

If it achieves its sales targets, Asahi said it hoped to switch to local production under licence by Courage.

Courage already distributes Molson Dry for the Canadian brewer, part-owned by Foster's. Its lager portfolio also includes Budweiser, Miller, Kronenbourg, Holsten, and Carlsberg in some trade sectors.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Independent Investment, Palmerston Hldgs.
Finals- Scottish American Inv Trust.

FUTURE DATES

Interims-	
Albert Fisher	Apr. 22
Alumasc	Feb. 18
BBB Design	Feb. 21
Everest Foods	Mar 11
News Corporation	Feb. 12
North American Gas Inv	Feb 18
Finals-	
Fairway (London)	Feb. 21
Philips Electronics	Feb. 25
TR Far East Income Trust	Oct. 30
Tesco	Apr 7

THE PROPERTY MARKET

Disgruntled masters of all they survey

By Vanessa Houlder

Surveying may have escaped Bernard Shaw's famous tirade against the iniquity of the professions, but, at its worst, it is as much a conspiracy against the laity as medicine, accountancy or law.

All too often, surveyors attempt to create a mystique around property. Agents frequently portray their profession in a light that baffles the outsider. They often make much of "knowing the market". Yet "knowing the market" – potentially the key to success – is an all-encompassing catch-phrase that can be a poor substitute for analysis.

A client's ignorance of the surveying business is often matched by the surveyor's ignorance of its client's business. The poor use of property assets in many businesses does little credit to the breadth and relevance of surveyors' advice. For example, investment surveyors – a specialist branch of the profession dealing with the purchase and disposal of buildings – deplore the way that property has been sidelined in many institutional portfolios, but their lack of understanding of other financial instruments, such as futures, frequently undermines their argument.

Surveyors are also criticised for the quality of their advice and the depth of their research. Some disgruntled clients – largely those who bought at the peak of the market – are turning to the law for redress. Though many of these legal suits will come to nothing, the fact that dissatisfied customers are turning to the law does reflect an increasing readiness to challenge the profession's advice.

For all that, much of the profession does a good job for which it has rightly earned the approval of the general public. Surveyors certainly rank nowhere near as high in British demonology as their cousins, the estate agents and property developers.

Indeed, the profession's problem is less obloquy than oblivion. Surveyors feel misunderstood and underrated.

"We are struggling for an identity ... We should be seen as the equivalent of the solicitor, the accountant, the doctor or the architect, but we are not," wrote Professor Malcolm Hollis, a building surveyor, in the magazine Chartered Surveyor Weekly.

"It is clear that the general public does not know what a chartered surveyor is, or does ..." said another contributor. "Joe Public thinks of a chartered surveyor as one who works through a theodolite and prepares maps," grumbled another.

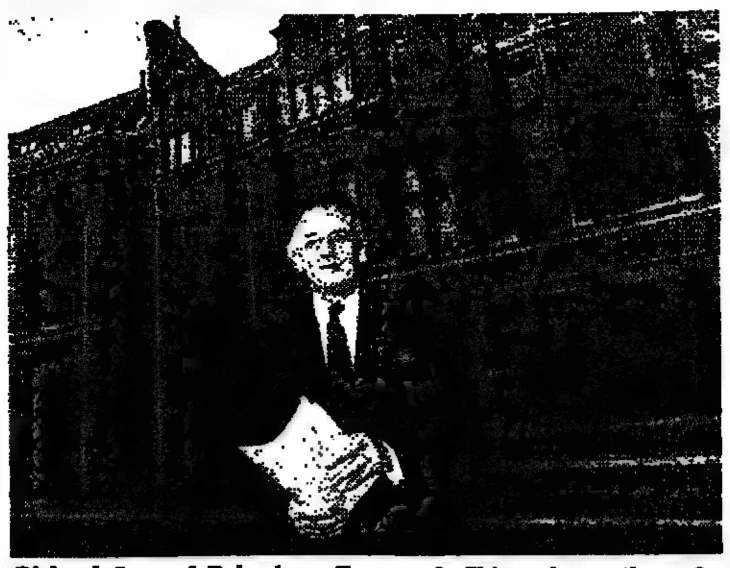
The problem is partly a matter of presentation. The name "chartered surveyor" says little about the profession. And attempts to describe or promote it lead into the dense thicket of specialisations: general practice, quantity surveyors, building surveyors, rural practice, planning and development, land surveyors and minerals.

Perhaps, some speculate, the name should be changed. To describe chartered surveying as "the property profession", for example, would be more informative to the general public, particularly in the continental Europe.

Many surveyors critical of their profession would go further. They would like to simplify the structure of the profession, probably along the lines of the three main sectors: land, commercial and residential property and construction.

The Royal Institution of Chartered Surveyors (RICS), the industry's professional body, has acknowledged the pressure for change. Last year, it set up a committee, headed by Mr Richard Lay, chairman of Debenham Tewson & Chinnocks, property advisers, to consider how the profession should meet the needs of the market.

The result was a provocative report, suggesting that the RICS should consider changing its name, streamlining its divisions, improving the promotion of the profession, broadening the education of surveyors, and merging with a rival professional organisation, the Incorporated Society of Valuers and Auctioneers (ISVA).



Richard Lay, of Debenham Tewson & Chinnocks: author of a provocative report on how the profession should reform itself

RICS welcomed the report in principle. In practice, however, RICS seems unlikely to do anything about it. In all probability the report seems destined to join a similar report on the structure of the profession published four years ago, which was left on the shelf gathering dust.

But RICS is in a delicate position. The politics of a professional institution are formidable. Many of those who devote time and effort to sit on its council and committees are natural conservatives, who are keen to preserve their own positions and the status quo. Radical change is far from their thoughts.

Moreover, RICS's leader cannot count on the support of the members, as was demonstrated in 1989 when they voted against a merger between RICS and ISVA, against the recommendation of the leadership. There are also fierce rivalries between the various sectors which are all too frequently preoccupied with promoting their own identity. Many members outside London also resent some of the Lay report's proposed changes on the grounds that they would merely benefit large London firms.

The risk of internecine strife within the profession is probably enough to stymie any decisive action by the RICS. This was indicated this week when RICS issued a masterfully vague statement about a council meeting on Monday to discuss the Lay report.

The statement paid lip service to a need to "change emphasis from a supply-driven approach to a demand-led stance." But it sidestepped the real issues. For instance, it shrugged off the possibility of streamlining the divisions by stressing "that the report had not recommended replacing seven divisions by three ..." In fact, the Lay report had drawn exactly that conclusion, in barely coded language.

The RICS reluctance to take any bold steps will disappoint those who believe it should give a clear leadership. Such critics suspect that the organisation's plan to set up committees to examine some of the more prominent issues may simply be a way to take the heat out of the clamour for reform. Instead of overhauling its constitution, RICS will probably try and gradually change its priorities. It would like to devote less time and money towards supporting an unwieldy, inefficient branch structure. Instead, RISC wants to direct more resources to addressing those issues gathering a head of steam within the industry, such as the impact of EC legislation environmental questions and the proposed changes to lease structures in the UK.

By putting aside issues such as constitutional reform, RICS may indeed be in a better position to carve out a more attractive profile for the profession and property issues in general. (RICS has long been plugging away behind the scenes at the government's neglect of property matters in general.)

In the meantime, while internal and European issues concentrate the collective mind of RICS, the onus is very much on individual member firms to make what headway they can in recessionary times. For many the burden is heavy. Firms are working at a time of unprecedented cuts in investment and rent review work.

In any event, surveyors are well aware of the need to broaden their business, address European markets and sharpen their competitive stance in the face of increasing rivalry from independent consultants, investment banks and accountants, which are moving into property work. The enthusiastic flurry of recent mergers, office openings and associations in continental Europe at least show that surveying firms are not idle.

It might be an exaggeration to claim surveyors are facing a crisis. But undoubtedly two characteristics of a crisis – danger and opportunity – confront the profession today.

RENTAL GROWTH (%)

	Retail	Office	Industrial	All Properties
Year to Dec 91	-0.7	-9.1	-0.5	-4.0
Quarter to Dec 91	-0.1	-3.2	-0.9	-1.5
Month of Dec 91	0.2	-1.6	-0.3	-0.6

Source: Investment Property Databank

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EUROPEAN PROPERTY SURVEY
FRIDAY 13TH MARCH 1992

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COMMODITIES AND AGRICULTURE

US company in Uzbek gold deal

By Kenneth Gooding, Mining Correspondent

NEWMONT MINING, North America's biggest gold producer, has signed a protocol of agreement to process ore stockpiled at Muruntau in newly-independent Uzbekistan, reputed to be the world's biggest open pit gold mine.

Muruntau produces about 1.8m troy ounces of gold a year from reserves which will last until about 2,040. However, it has stockpiled low-grade material from which milling cannot extract enough gold.

Under the terms of the proposed joint venture with the Uzbekistan government, Newmont will build huge plastic pads on which this low-grade ore will be piled and the gold leached out with a cyanide-water mixture.

Heap-leach technology revolutionised gold mining in North America and Australia in the past 20 years and Newmont claims to be the world's largest user at its mines on the Carlin Trend in Nevada. They produced 1.58m ounces of gold last year.

Analysts estimate it will cost between US$70m and $75m for crushing equipment and to build the leach pads and associated plant at Muruntau, which is about 250 miles north west of Tashkent.

The contract, which Mr James Hill, Newmont's vice-president, corporate relations, said could be signed as early as March, calls for Newmont to process 150m tonnes of stockpiled material over the next 20 years. This should extract between 180,000 and 360,000 ounces of gold a year, which would be sold for the equal benefit of the government and Newmont.

Mr Hill hoped this would lead to more contracts between Newmont (which has Sir James Goldsmith, the Anglo-French financier as its biggest shareholder) and Uzbekistan, the second-largest gold producer among the former Soviet republics. He hoped the Muruntau arrangement would attract the interest and support of western banks.

Russian softwood output down sharply

By Frances Williams

RUSSIAN PRODUCTION of sawn softwoods (conifers) – in normal years more than half total European production – may have fallen by 30 to 35 per cent in 1991, according to estimates published this week by the United Nations Economic Commission for Europe. Conditions are so uncertain that no reliable forecast can be made for 1992, the commission says.

Elsewhere in Europe, and in North America, the UN agency expects a modest recovery in sawn softwood production and consumption in 1992 after declines last year. These largely reflected the recession and in particular the dampening effect of high interest rates on housing construction.

For Europe (excluding Russia), consumption is forecast to rise by 1.3 per cent to 73.8m cubic metres, and production by 0.9 per cent to 68.2m cu m, following drops of 8 per cent and 7.4 per cent respectively in 1991.

In North America, much of last year's fall in sawn softwood production and consumption is likely to be recovered in 1992, the ECE says. It predicts production this year of 136.4m cum, just 1 per cent below 1990 levels, and consumption of 120.8m cu m or 2 per cent less than in 1990.

Conditions in the softwood log market in Europe are returning to normal after the massive clearance of storm-damaged timber in 1990, the ECE notes. In the longer term, the agency expects that, with international help, eastern Europe's forest products industries and markets could recover within a few years.

The European and North American markets for hardwoods are predicted to follow a similar trend to that of softwoods. In Europe (excluding Russia), the ECE forecasts increases this year in sawn hardwood consumption and production of 2.1 per cent (to 21m cu m) and 3.1 per cent (to 17.1m cu m) after falls of 5.0 and 3.8 per cent respectively in 1991.

It notes that sawn hardwood of temperate species now has over 50 per cent of the market in Europe. European imports of tropical sawnwood, a target of environmentalists concerned about unsustainable logging in developing countries, are estimated to fall by over 17.6 per cent to 2.6m cu m between 1990 and 1992. For logs the drop in tropical hardwood imports in 1990-92 is expected to be 10.9 per cent to 3.2m cu m.

Looking at wood products, the commission expects a slight upturn in the market for wood-based panels but notes that recycled paper is competing successfully with virgin pulp in paper production. Against that, new markets might be found for wood as a fuel source.

Australian production forecast to stabilise

By Emelia Tagaza, Canberra

AUSTRALIAN GOLD production is forecast to stabilise at about 230 tonnes over the next five years, after reaching an estimated 235 tonnes in 1991-92, the Australian Bureau of Agricultural and Resource Economics said yesterday.

Production of 235 tonnes in 1991 was above levels forecast last year and was achieved in spite of the removal of a tax break for gold companies and low world prices.

Mr John Cairns, the bureau's principal research officer on ferrous and precious metals, said production forecasts for the next five years had been raised because of expectations of stronger nominal prices, based in turn on forecasts of a recovery in world economic activity.

He thought that Australian gold export earnings would rise moderately to about A$3.8bn (£1.56bn) this year and to more than A$3.5bn in 1992-93, before easing slightly in real terms in the three ensuing years.

He added that foreign sourced gold was expected to remain a significant component of the total export value and could exceed forecast levels if new refining contracts could be obtained.

Meanwhile Mr Campbell Anderson, the chief executive of Renison Gold Fields Consolidated, said that mine production this decade would be driven largely by gold consumers, principally those buying jewellery.

NFU leader calls for market-friendly farming

David Naish believes UK growers accept the need for change, writes David Blackwell

LOW INVESTMENT, falling incomes, job losses and uncertainty over political reforms have continued to batter the UK farm sector over the past 12 months since David Naish became president of the National Farmers' Union.

But he believes that the farmers have taken on board the need to change their attitudes and get a lot closer to the market. He will be urging his members to become even more businesslike when he addresses his first annual general meeting as president on Tuesday next week.

"The willingness of farmers to accept new disciplines has been amazing," he said. This does not apply only to the marketing side of farming. "Four years ago could you have seen farmers through their trade organisation offering an animal welfare policy, a pesticide residue policy, an environment policy? They recognise they've got to actually live with all the other organisations and people who care about what happens in the countryside."

But the need for professionalism when it is time to sell the crop remains uppermost in his mind. "I am extraordinarily keen that farmers don't believe that they can just respray themselves and be professional market men."

The Food from the Countryside scheme is a key part of the NFU's new policy. A help desk has been set up each of the nine regional offices for people who are even thinking about simple collaborative ventures. In April a series of workshops will start with speakers from successful collaborative ventures as well as food industry representatives and buyers who can explain what they are looking for from the farmers.

Tony Andrews

David Naish: Faces his first annual meeting next Tuesday

All the other professional bodies needed to create a successful venture will be represented, including all five clearing banks, accountants, and management consultancies.

The workshops will be followed up with a series of regional food fares where the multiple retailers, manufacturers and caterers will be available to any groups who are thinking of becoming what Mr Naish terms "reservoirs of British produce".

But he does not believe it is in the farmers' interests to form millions more ventures. Rather they should join existing organisations, not just to get more muscle against the supermarkets' buying power but in order to be "to be able to guarantee the level of supply that's required to get access to those multi-distributional warehouses or the manufacturers with the continuity of quality of supply to keep the warehouses running".

Much criticism has been aimed at the supermarkets by the farming community. At the recent Oxford Farming Conference, one of the speakers had to apologise after jokingly asking the difference between a supermarket buyer and a terrorist. Answer: you can negotiate with a terrorist. However, Mr Naish refuses to be critical of supermarket profits.

"I'm not going to snipe in any way at retailer markets because they get those margins either because we're weak sellers or they're very strong buyers and I believe we are weak sellers and we've got to get over that."

He recognises that farmers have to get more from the market place, no question of that, and the way to get more from the market place is to grow what your customers want, not what you want to grow. "Then you're in a position to ask a realistic payment for it."

He is not above criticising the farmers themselves, and repeatedly stresses the need for discipline. There are a lot of examples of farmers, having said they were going to collaborate, trying to duck under the net and evade their responsibilities, he believes.

"The successful co-operatives have a very high degree of discipline at the moment and I believe that's the major route to success," he says.

He quotes his own experience to illustrate the rapidly changing nature of UK farming. Six years ago he did not know where any of the potatoes grown on 140 acres on his farm went after harvest. "I now don't put a potato in the ground that has not got a market at the other end, providing it meets quality standards." He is similarly certain of markets for his peas, oilseed rape and lamb, "although I haven't done it properly yet with the cereals."

He is proud of UK farmers' record in the past, when the need for production overrode every other issue, and points out that at the end of the 1970s government white papers were predicting food shortages now. Many of the cows that are still milking today were being born then, he says.

Cultural differences in the UK, particularly the system of primogeniture in land inheritance, have held back development of the co-operation from which continental European farmers have benefitted. But there are also fiscal differences throughout the EC, and Mr Naish knows that attaining an equitable trading environment will be anything but easy.

He detests the uncertainty surrounding the two major issues facing European farmers – the General Agreement on Tariffs and Trade and reforms of the Common Agricultural Policy. The NFU wants a Gatt settlement – but it does not want to see things settled in favour of the Americans. Mr Naish is strongly critical of Gatt director-general Mr Arthur Dunkel's proposals to break the Gatt deadlock, and believes proposed changes in tariffication on imports will lead to "extraordinarily competitive" prices for US wheat.

This might lead to some healthy consumer prices in the UK, he admits, but "frankly you'll see huge disruption, both to agriculture and the countryside, which I believe is the adverse proportion to the goodness that will be gained from getting that Gatt settlement".

He is resentful of any suggestion that the NFU is merely reacting to Brussels decisions and not putting forward policies of its own. He has forged strong links with Copa, the association of EC farming unions, which believes supply management is the right way forward for professional farmers on commercially viable holdings. However, Copa's proposals have been ignored by the politicians.

Meanwhile he is under no illusions of the task ahead for the UK's farmers. The industry has been stripped of its excesses and is still going downhill, weakening the base from which its business can be run. "Your readers generally will say that is what has been happening in industry – but we've been having it for 10 years."

Keeping a weather-eye on a troublesome 'child'

Barbara Durr looks at the crop problems posed by the unpredictable El Niño climate phenomenon

TO CALM anxious grain traders the Chicago Board of Trade will offer a seminar later this month on El Niño, the weather phenomenon that develops in the equatorial Pacific every three to five years and can cause global climate upsets. Grain traders are keen to know if they can expect this year's El Niño to disturb the US weather pattern sufficiently to make a dent in crop output.

Although signs of El Niño had been accumulating during 1991, only last month did the the US National Weather Service finally conclude publicly that the phenomenon was a fact.

The symptoms had been showing themselves overseas since last spring – rising surface temperatures in the eastern and central Pacific, drought in the western Pacific rim from Australia through Indonesia, a weaker Indian monsoon, dryness in north-eastern Brazil, drought in South Africa and wetness last summer in the Great Basin of the US, which runs from Arizona north to Idaho.

While many of these conditions indicate that El Niño is occurring, they do not reveal its severity. The phenomenon generally peaks in the northern hemisphere's winter. This helps explain why Peruvian fishermen dubbed the phenomenon El Niño, which means Christ child in Spanish. It arrived about Christmas time.

Mr Vernon Kousky, a research meteorologist with the US weather service, now assesses the current El Niño as "moderate to strong". While individual weather events cannot always be directly attributed to El Niño, some signals are indicative of its strength. Warm water in the Pacific is pushing moisture into the south-western US, causing, for example, this winter's floods in Texas, according to Mr Art Douglas, chairman of the Creighton University's Atmospheric Sciences Department. Along the Gulf of Mexico, from Texas to Florida, some areas have already had 200 per cent to 1,000 per cent of their normal rainfall. Temperatures in that region are also beginning to dip below normal. At the same time the phenomenon is upsetting the Jet Stream, keeping extremely cold air far to the north and moderating temperatures in the Midwest.

The Midwest, America's most important grain area, is seeing temperatures four or five degrees Fahrenheit above normal, said Mr Jon Davis, the in-house meteorologist for Shearson Lehman's commodities trading arm. The weather service predicts that more of the same will occur in those regions until spring and that the usually wet north-west is likely to be dryer, as is the Ohio valley.

But what concerns the grain trade more is what, if anything, will happen during the critical planting and growing season for American crops from June to August.

Unfortunately, weather forecasting is not a precise science. Mr Kousky says that El Niño, usually a 12 to 18 month event, has another six to 12 months to run. But he points out that there is no consistent relationship between El Niño and the weather pattern beyond the winter-to-spring months. "Anything can happen," he admits.

Crop Cast, a Maryland-based weather forecasting service that is used by many US commodity trading houses, says that while El Niño has already affected South American soyabeans, South African maize and Australian wheat, it is hoping to be able to predict potentially damaging crop effects in the US by looking at the coincidence of the El Niño with two other climatological events, last year's eruption of Mount Pinatubo in the Philippines and the combination of lunar and solar cycles.

These additional factors along with El Niño probably mean that a more extreme weather pattern bleeds over into summer, according to Mr Kevin Marcus, director of Crop Cast services. He says the likelihood of extreme, hot and dry weather is 100 per cent, but gives only a one in three chance that this will have a significant impact on crops.

The hot, dry weather would have to occur in July or early August to reduce the maize and soyabean crops significantly, that is by more than 10 per cent. But Mr Marcus is uncertain about how the three phenomena will interact since there no established pattern. He is still waiting for more data on the severity of this year's El Niño.

The phenomenon has prompted commodities markets to gyrate in the past. In 1972-73 the El Niño destroyed the Peruvian fishmeal catch, which then accounted for some 45 per cent of the world trade in protein feed. In 1982-83 it caused a drought in Africa, which helped to send cocoa prices up by nearly 70 per cent over a period of about a year.

WORLD COMMODITIES PRICES

MARKET REPORT

New York platinum futures were strongly ahead at midday after news that South Africa's Impala Platinum appears to have recently bought metal on world markets to help meet supply needs. In London, platinum prices advanced, but met stiff resistance around $365 a troy ounce. On the LME the zinc market lost its recent backwardation, cash metal closing $2.50 a tonne below three-month metal. Dealers said the firmer tone might be due to the apparent easing of tightness on February and the possible return of consumer interest to the market. London cocoa prices again touched fresh five-month lows. "We have seen persistent selling from a number of trade quarters," said one dealer. The threat of Ivory Coast sales still hangs over the market, which was under further pressure from a weaker dollar against sterling. New York March arabica moved above 70 cents a lb on short covering by midday after hitting a low of 68.70 in late trade on Wednesday, the cheapest level for a nearby contract since October 1989. Chartists said 68.30 remains a critical support level; a move below there would put the market at 17-year lows. London's freight futures were again in retreat following a 21 point fall in the Baltic Freight Index to 1,372.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$15.45-5.60	-.05
Brent Blend (dated)	$18.50-8.60	+.025
Brent Blend (Mar)	$18.45-8.55	+.025
W.T.I. (1 pm est)	$19.50-9.55	+.035
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$210-212	+6
Gas Oil	$174-176	-2
Heavy Fuel Oil	$65-66	
Naphtha	$186-188	+2
Petroleum Argus Estimates.		
Other		+ or -
Gold (per troy oz)♣	$355.40	+1.55
Silver (per troy oz)♣	421.5c	+4.5
Platinum (per troy oz)	$365.25	+5.75
Palladium (per troy oz)	$85.80	+0.05
Copper (US Producer)	102.46c	+0.73
Lead (US Producer)	37c	
Tin (Kuala Lumpur market)	14.15r	-0.66
Tin (New York)	254.5 c	+0.25
Zinc (US Prime Western)	62c	
Cattle (live weight)†	108.39p	+2.05
Sheep (live weight)†♣	103.23p	+0.53
Pigs (live weight)†	85.62p	-0.13
London daily sugar (raw)	$199.1y	+2.8
London daily sugar (white)	$267.0y	+2.5
Tate and Lyle export price	£216.0	+1.0
Barley (English feed)	£123z	
Maize (US No. 3 yellow)	£146.5z	+0.5
Wheat (US Dark Northern)	Unq.	
Rubber (Mar)♥	50.25p	
Rubber (Apr)♥	50.50p	
Rubber (KL RSS No 1 Feb)	214.5m	
Coconut oil (Philippines)§	$740.0y	+10.0
Palm Oil (Malaysian)§	$385.0z	+5.0
Copra (Philippines)§	$497.5y	+10.0
Soyabeans (US)	£146.5z	
Cotton "A" Index	57.15c	-0.45
Wooltops (64s Super)	421p	+10

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar t-Jan/Feb u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Feb. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♣Sheep prices are now live weight prices.

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Mar	180.80	181.40	182.00	180.40
May	180.80	181.60	181.40	180.40
Aug	185.60	186.80	184.20	
White	Close	Previous	High/Low	
Mar	283.5	283.2	284.7	282.7
May	267.0	266.7	267.7	266.0
Aug	271.0	270.5	271.1	270.0
Oct	261.0	260.5	261.1	260.7
Dec	262.0	261.7	262.0	

Turnover: Raw 154 (1419) lots of 50 tonnes. White 1600 (1294) Paris- White (FFr per tonne): Mar 1419.23, May 1452.39

CRUDE OIL – IPE			$/barrel	
	Latest	Previous	High/Low	
Mar	18.51	18.50	18.61	18.38
Apr	18.41	18.38	18.50	18.25
May	18.32	18.34	18.43	18.20
Jun	18.26	18.33	18.40	18.25
Jul	18.31	18.18	18.02	18.30
Aug	18.23		18.25	
IPE Index	18.39	18.22	18.39	

Turnover 13004 (19702)

GAS OIL – IPE			$/tonne	
	Close	Previous	High/Low	
Feb	172.00	173.50	174.75	171.75
Mar	170.75	171.50	172.75	170.50
Apr	168.25	167.75	168.50	166.25
May	166.50	166.50	168.50	166.50
Jun	168.00	168.00	168.25	167.25
Jul	169.00	168.75	169.00	167.25
Aug	170.75	170.50	170.75	169.25
Sep	172.75	171.50	172.75	
Oct	174.50	173.75	174.50	173.75

Turnover 14057 (13779) lots of 100 tonnes

FRUIT & VEGETABLES

Cape plums are superb this week at 75-90p a lb (55-65p), along with grapefruit at 20-30p each (19-30p) for white varieties reports the FFVIB. Grapes remain a good buy with Cape Thompson seedless at £1.20-1.45 a lb (£1.00-1.25) and Cape Sultana seedless at £1.10-1.30 a lb (£1.30-1.40). All cabbage varieties are superb with lots of varieties to choose from: Spring greens at 25-35p a lb (35-45p). Celtic and Primo at 25-30p a lb (25-30p), and red and white varieties 15-25p a lb (15-25p). Large heads of white celery at 55-65p a head (55-65p) continue to be a best salad buy. Another notable salad buy are tomatoes at 60-70p a lb (60-80p).

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
Mar	684	[illegible]	[illegible]	680
May	713	721	727	709
Jul	740	748	752	735
Sep	764	774	776	760
Dec	795	808	809	793
Mar	824	835	837	822
May	841	855	854	840
Jul	861	875	873	860
Sep	878	891	894	
Dec	908	915	912	911

Turnover: 8328 (10990) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb.5 865.16 (872.09) 10 day average for Feb.6 886.59 (902.79)

COFFEE – London FOX			$/tonne	
	Close	Previous	High/Low	
Mar	877	861	879	857
May	898	892	[illegible]	880
Jul	918	911	918	898
Sep	936	934	[illegible]	920
Nov	954	960	954	944
Jan	970		965	965

Turnover:4989 (4440) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb. 5 : Comp. daily 65.76 (66.17) 15 day average 66.43 (66.53)
Sterling close: March £493

POTATOES – London FOX			£/tonne	
	Close	Previous	High/Low	
Apr	119.0	118.5	119.0	
May	137.4	137.0	137.5	
Nov	90.0		90.0	89.5

Turnover 37 (172) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne	
	Close	Previous	High/Low	
Apr	128.00	128.50	128.00	
Jun	121.00	122.50	122.00	121.00

Turnover 55 (20) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point	
	Close	Previous	High/Low	
Feb	1392	1415	1410	1385
Mar	1467	1483	1475	1455
Apr	1480	1500	1500	1475
Jul	1270		1265	1260
BFI	1372	1398	1372	1372

Turnover 343 (137)

GRAINS – London FOX			£/tonne	
Wheat	Close	Previous	High/Low	
Mar	126.25	125.65	126.25	125.40
May	129.70	129.00	129.75	129.00
Jun	131.65	130.80	131.50	127.10
Sep	111.35	111.35	111.40	
Barley	Close	Previous	High/Low	
Mar	116.75	116.05	18.75	18.65
May	120.00	119.15	20.00	19.05

Turnover: Wheat 242 (269), Barley 182 (80). Turnover lots of 100 Tonnes.

PIGS – London FOX		(Cash Settlement) p/kg	
	Close	Previous	High/Low
Feb	123.0	122.5	122.0
Mar	120.0	119.0	119.0
Apr	117.0	117.0	116.8
May	116.0	115.5	115.0
Jun	114.0	113.8	113.5
Jul	109.0	108.7	109.5 109.0
Aug	107.0		107.0

Turnover: 58 (49) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 139,118 lots	
Cash	1222-23	1213-14	1224/1222	1222-24		
3 months	1248-7	[illegible]	1252/1241	1246.5-6.5	1249.5-50	24,258 lots
Copper, Grade A (£ per tonne)					Total daily turnover 118,442 lots	
Cash	1198-9	1201-2	1196/1190.5	1190.5-1.0		
3 months	1222-5.5	1227-8	1224/1215	1216-6.5	1221-22	77,139 lots
Lead (£ per tonne)					Total daily turnover 16,174 lots	
Cash	280-1	280-80.5	280/279.8	279.5-80		
3 months	291-1.25	291.5-2	293/290.5	290.5-91	292-2.5	1,402 lots
Nickel ($ per tonne)					Total daily turnover 21,824 lots	
Cash	7620-30	7650-60	7615	7618-20		
3 months	7700-5	7725-30	7730/7690	7695-7700	7710-20	1,957 lots
Tin ($ per tonne)					Total daily turnover 5,075 lots	
Cash	5510-20	5510-20	5510	5509-10		
3 months	[illegible]	5560-5	5565/5540	5565-70	5580-85	898 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 43,445 lots	
Cash	1139-41	1147-8	1132/1131	1131-32		
3 months	1142-43	1139.5-40	1146/1135	1134-36	1144-45	18,839 lots

LME Closing £/$ rate: SPOT: 1.8165 3 months: 1.7885 6 months: 1.7605 9 months: 1.7387

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	355.20-355.60	
Opening	356.40-356.70	
Morning fix	358.25	195.649
Afternoon fix	356.55	195.864
Day's high	356.80-356.90	
Day's low	355.10-355.40	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	3.27	6 months	3.27
2 months	3.26	12 months	3.24
3 months	3.26		

Silver fix	p/fine oz	US cts equiv
Spot	231.70	421.90
3 months	237.65	425.95
6 months	243.40	430.10
12 months	254.65	439.70

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	356.00-357.00	195.75-196.25
Maple leaf	366.50-367.50	201.50-202.00
New Sovereign	87.00-88.00	48.00-48.50

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	Jun	Mar	Jun
1150	87	121	4	17
1250	21	69	37	53
1350	2	23	117	115
Copper (Grade A)	Calls		Puts	
2100	87	111	4	25
2200	21	54	38	66
2300	2	21	118	131
Coffee	Mar		Mar	
450	35		1	
500	4		30	
550			86	
Cocoa	Mar	May	Mar	May
675	18	51	9	13
700	7	35	23	22
725	2	25	43	35
Brent Crude	Mar	Apr	Mar	Apr
1700				20
1750				25
1800		84	3	

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Feb	355.7	355.6	357.0	[illegible]
Mar	358.4	356.3	0	0
Apr	357.4	357.3	358.8	356.9
Jun	359.4	359.3	[illegible]	359.0
Aug	361.5	361.4	362.7	362.7
Oct	363.5	363.4	363.6	363.6
Dec	365.6	365.5	365.8	365.5
Feb	367.8	367.7	368.3	368.3
Apr	367.4	357.3	358.8	356.9

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Feb	368.0	0	363.0	363.0
Apr	368.0	362.4	372.0	364.5
Jul	367.5	361.7	370.5	364.0
Oct	369.5	363.7	371.5	371.0
Jan	369.3	363.5	370.0	367.0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Feb	420.8	418.7	420.5	420.5
Mar	421.8	419.6	424.5	420.5
Apr	423.2	421.2	0	0
May	424.8	422.8	427.5	424.0
Jul	427.9	425.9	431.0	427.5
Sep	431.3	429.3	432.5	432.5
Dec	436.8	434.8	440.0	436.0
Jan	438.5	436.5	0	0
Mar	442.7	440.6	0	0
May	447.1	445.0	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Feb	96.35	96.10	96.50	96.05
Mar	96.15	96.30	96.70	96.00
Apr	97.95	98.20	98.30	97.85
May	97.80	98.15	98.35	97.80
Jun	97.80	98.10	0	0
Jul	97.75	98.05	98.15	97.80
Aug	97.75	98.10	98.00	98.00
Sep	97.75	98.15	98.20	98.00
Oct	97.65	98.15	98.05	98.05
Nov	97.65	98.25	98.15	98.15

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Mar	[illegible]	19.50	19.69	19.46
Apr	19.67	19.68	19.83	19.60
May	19.70	19.71	19.83	19.64
Aug	19.57	19.58	19.70	19.57
Nov	19.63	19.60	19.65	19.50

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Mar	5540	5539	5575	5515
Apr	5500	5505	5525	5480
May	5435	5444	5465	5425
Jul	5375	5390	5400	5370
Sep	5570	5565	5580	5550
Oct	5655	5665	5685	5650
Nov	5760	5760	5780	5760
Dec	5870	5850	5870	5870

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Mar	1123	1136	1144	1117
May	1160	1175	1179	1164
Jul	1196	1210	1217	1195
Sep	[illegible]	1245	1228	1228
Dec	1274	1280	[illegible]	1269
Mar	1305	1319	1321	1306
May	1332	1343	1332	1332
Jul	1375	1365	0	0
Sep	1400	1395	0	0
Dec	1435	1430	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	69.85	[illegible]	70.70	68.80
May	72.70	71.90	73.75	71.80
Jul	75.35	74.70	76.40	74.50
Sep	78.15	77.50	79.30	77.65
Dec	82.25	81.25	82.25	81.40
Mar	85.75	85.40	85.55	85.00
May	89.00	88.00	0	0
Jul	92.00	91.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	8.17	8.16	8.24	8.15
May	8.24	8.26	8.32	8.22
Jul	8.35	8.34	8.41	8.33
Oct	8.46	8.41	8.47	8.42
Mar	8.61	8.55	8.65	8.58
May	8.68	8.54	8.55	8.55
Jul	8.75	8.56	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Mar	54.05	57.52	54.90	53.90
May	55.95	60.40	56.70	55.85
Jul	57.30	61.14	58.10	57.25
Oct	60.05	62.80	60.35	60.05
Dec	60.95	63.23	61.30	60.80
Mar	62.40	63.75	62.45	62.40

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	139.65	137.85	139.80	136.80
May	139.40	138.05	139.65	137.00
Jul	139.15	138.05	139.60	137.15
Sep	135.75	135.30	135.25	134.80
Nov	129.75	128.60	129.10	128.80
Mar	129.75	128.60	129.10	129.10
May	129.75	128.60	0	0
Jul	129.75	128.60	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Feb.6	Feb.5	mnth ago	yr ago
1569.5	1570.1	1669.4	1655.2

DOW JONES (Base: Dec. 31 1974 = 100)				
	Feb.5	Feb.4	mnth ago	yr ago
Spot	117.57	117.61	119.81	122.17
Futures	122.30	122.34	121.45	126.17

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Mar	573/2	576/2	577/0	573/0
May	578/6	582/2	582/4	578/2
Jul	586/6	590/4	590/4	586/0
Aug	590/4	593/6	593/4	589/4
Sep	592/4	596/0	596/0	592/4
Nov	599/4	603/6	604/0	599/0
Jan	608/4	612/0	610/0	608/4
Mar	616/4	621/0	0	0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Mar	19.00	18.98	19.05	18.88
May	19.32	19.25	19.38	19.16
Jul	19.61	19.57	19.65	19.49
Aug	19.77	19.73	19.79	19.67
Sep	19.88	19.85	19.93	19.80
Oct	19.97	19.96	0	0
Dec	20.30	20.28	20.30	20.18
Jan	20.40	20.32	20.40	20.40

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Mar	176.6	177.6	177.5	176.2
May	177.4	178.2	178.4	177.0
Jul	179.2	179.7	180.0	178.8
Aug	180.1	180.7	181.0	179.8
Sep	180.8	181.0	182.0	180.6
Oct	194.2	195.0	195.1	194.0
Dec	195.8	197.0	197.0	195.2
Mar	197.0	198.5	0	0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Mar	265/4	267/0	267/4	265/2
May	272/2	273/2	274/0	271/6
Jul	277/2	278/2	279/0	276/6
Sep	273/2	273/6	274/6	272/4
Dec	270/6	270/2	271/2	269/2
Mar	276/4	276/2	276/6	274/6
May	280/4	280/4	280/6	279/6

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Mar	449/6	446/4	451/4	445/4
May	435/0	432/2	436/2	431/4
Jul	406/4	401/2	407/4	401/4
Sep	410/0	403/0	410/0	404/0
Dec	418/0	411/4	418/4	412/0
Mar	418/0	412/4	418/2	411/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Feb	77.90	77.55	77.95	77.45
Apr	77.47	77.50	77.77	77.20
Jun	72.85	72.92	72.97	72.67
Aug	69.82	69.80	69.85	[illegible]
Oct	68.87	69.12	69.15	68.60
Dec	69.15	69.60	69.65	68.95
Feb	68.65	69.10	69.10	68.55

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Feb	41.72	41.65	42.00	41.30
Apr	42.15	41.57	42.30	41.42
Jun	46.27	45.42	46.40	45.50
Jul	46.80	45.75	46.90	45.65
Aug	44.82	44.02	44.95	44.05
Oct	42.00	41.22	42.00	41.10
Dec	44.82	44.07	44.80	44.15
Feb	45.55	45.50	45.55	45.47

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	36.92	34.92	36.92	34.75
Mar	37.42	35.42	37.42	35.05
May	38.62	36.62	38.62	36.30
Jul	39.60	37.57	39.47	37.25
Aug	38.25	36.90	38.90	36.70

LONDON STOCK EXCHANGE

Further setback on higher turnover

By Terry Byland, UK Stock Market Editor

NERVOUSNESS on both the political and economic fronts continued to bear down on the London stock market yesterday, and the fourth negative session this week set the stage for the close today of the equity trading account.

A *sharp* increase in trading volume was largely confined to a switching operation affecting several leading stocks in the FT-SE list, and traders maintained that the institutions were still backing away across the wider range of UK equities.

Once again, the New York market played an ambivalent role in the London equity sector. Traders remained cautious over the near-term outlook for the Dow, but UK stocks closed above the day's lows as Wall Street edged higher in early trading, after losing 15.21 in the previous session.

Account Dealing Dates		
First Dealings:		
Jan 27	Feb 10	Feb 24
Option Declarations:		
Feb 6	Feb 20	Mar 5
Last Dealings:		
Feb 7	Feb 21	Mar 6
Account Day:		
Feb 17	Mar 2	Mar 16

*New-time dealings may take place from 8.30 am two business days earlier.

The London market closed with a fall of 12.8 on the FT-SE Index for a final reading of 2,534.3, with the investment *mood subdued at the close of* trading.

A temporary scare at the beginning of the session appeared to reflect a mistaken reading of a report on the potential implications for several Footsie stocks of the proposed changes in accounting standards. The report has been prepared, but not yet published, by Barclays de Zoete Wedd, the UK investment bank, which rejected the initial market comments as "totally incorrect" and stressed that it had not changed investment recommendations on the stocks concerned.

With trends in the London money markets now no longer indicating an early reduction in domestic base rates, equities opened the session without support, and were soon down *by more than 11 points on the* Footsie scale.

Rumours of further pending political scandals were largely discounted, however, and in the absence of significant selling, share prices rallied and moved briefly into positive territory.

But gains were rapidly and sharply reversed when clients of County NatWest acted on the investment bank's recommendation of a switch out of the leading oil stocks and into telecommunications issues. At least one very large institutional client was believed to be prominent in the switch.

The market sagged by 17.4 points to touch FT-SE 2,529.7. Traders identified a large mixed trading programme from a UK investment bank which took the heart out of a *stock market already lacking* in genuine investment support.

Share prices rallied towards the close when Wall Street, which is still an uncertain factor ahead of the payroll and employment statistics to be published today, opened steadily.

Trading volume through the Seaq network rose to 539.1m shares from the 491.8m of the previous session. Yesterday's total took in heavy contributions from British Petroleum, Shell, BT and Racal Electronics.

Retail business totalled £954.8m on Wednesday, an improvement from daily levels at the beginning of the week, but still disappointing by standards of market profitability.

Strategists commented that political factors have played an *increased role* this week in the wake of the disclosures by Mr Paddy Ashdown, leader of the UK Liberal Democrats. This has focused attention on the latest public opinion polls, which are expected to appear in the UK newspapers this morning.

FINANCIAL TIMES STOCK INDICES

	Feb 6	Feb 5	Feb 4	Feb 3	Jan 31	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	86.10	86.23	86.09	87.92	87.94	84.70	88.23 (5/2/92)	82.17 (2/1/91)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	100.99	100.99	100.80	100.67	100.84	92.47	100.99 (5/2/92)	90.52 (2/1/91)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1981.2	1970.9	1978.7	1984.2	1995.8	1724.8	2108.3 (2/9/91)	1606.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	145.2	149.1	145.1	145.0	144.3	134.2	222.8 (11/7/91)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2534.3	2547.1	2558.8	2560.2	2571.2	2202.0	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1172.04	1175.21	1174.55	1175.42	1179.30	1004.89	1198.50 (2/9/91)	938.62 (16/1/91)	1198.50 (3/9/91)	938.62 (16/1/91)
Ord. Div. Yield	4.85	4.83	4.81	4.80	4.58	5.55				
● Earning Yld % (full)	6.92	6.95	6.92	6.90	6.57	11.58				
● P/E Ratio (net) (*)	18.12	18.10	18.18	18.22	18.31	10.48				
SEAQ Bargains 4.45pm	31,081	30,210	29,509	31,089	32,873	32,114				
Equity Turnover (£m)†	-	954.80	811.20	744.60	1369.7	1263.85				
Equity Bargains†	-	30,432	28,355	31,654	32,593	31,761				
Shares Traded (ml)†	-	427.3	382.3	357.6	582.5	571.0				

Ordinary Share Index, Hourly changes: Day's High 1970.5, Day's Low 1956.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1962.1	1962.4	1966.2	1969.6	1963.3	1961.4	1958.9	1958.0	1961.1

FT-SE 100, Hourly changes: Day's High 2549.6, Day's Low 2529.7

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2535.5	2537.9	2544.2	2548.4	2539.9	2536.8	2532.8	2531.7	2535.3

FT-SE Eurotrack 200, Hourly changes: Day's High 1179.29, Day's Low 1169.80

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1177.45	1176.79	1177.95	1174.38	1172.33	1170.79	1171.87

GILT EDGED ACTIVITY

Indices*	Feb 5	Feb 4
Gilt Edged Bargains	88.4	83.9
5-Day average	80.5	80.8

*SE Activity 1974. †Excluding intra-market business and Overseas turnover.

London report and latest Share Index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

Oils to telecoms switch

Shares in BT and BP, the UK's second and third biggest companies as measured by market capitalisation, moved in opposite directions as dealers reported a switch out of the UK oil *group and into the telecoms* giant.

The Seaq ticker confirmed extraordinarily heavy turnover in the two companies and provided evidence of two exceptionally large individual trades in the stocks. The first was a line of 6.7m BP at 270½p, and the second a block of 9m BT at 337p.

Speculation in the market suggested that County NatWest *had executed the deals* on behalf of a big institutional client; County would not comment on the switch story. The big switch, it was said, was part of a general re-shaping of the investment portfolio of one of the UK's most powerful institutions.

By the close of trading BT "old" shares were 3½ ahead at 334½p, after 337p, on heavy turnover of 8m shares, while the "new" edged up 1½ to 124p, after 125½p, with 14m traded. Also driving BT stock higher was the recent Warburg Securities "buy" recommendation and hints that one of the analysts most bearish of BT in recent months, had lifted his "sell" *stance on the stock.*

BP shares, weakened over recent weeks by worries about the dividend cover, weak oil prices and hints of a boardroom rift, slipped to 273p, before stabilising and closing a net 2½ off at 276p; turnover in BP totalled 18m shares.

C & W weaker

Telecoms group Cable & Wireless *(C & W) delivered one* of the poorest individual performances among the Footsie stocks after Barclays de Zoete Wedd, the investment bank, chopped its profits forecast for the company. C & W shares closed 13 lower at 580p, with 4.8m traded.

C & W was also included by BZW in a list of leading UK companies which may be affected by proposals put forward by the Accounting Standards Board, although BZW was at pains to point out that this had nothing to do with its *profits downgrades.*

BZW reduced its forecast of profits for the year ended March 1992 from £720m to £695m and its estimate for the year ended March 1993 from £790m to £765m. The broker cited disappointing trading at C & W's Mercury division which it said was suffering from the impact of price reductions last year and slowing volume gains. However, the investment bank emphasised it was retaining its "hold" stance on the stock.

Vickers sold

Vickers tumbled after Smith *New Court reduced its dividend* forecast. The mid-morning reduction caused a "backwardation" – a situation in which the bid and offer price are temporarily reversed, leaving the shares 16 off at 160p. The broker said it expects the full-year dividend to total 5p, down from its previous estimate of 6p and against the previous year's total of 9.9p.

Mr Chris Avery, at Smiths believes the company *is running* out of time for the partial disposal of its Rolls-Royce Motors subsidiary before the company's full-year figures are reported on February 24, a move he believes would have assisted the dividend pay-out.

But sources close to the company later indicated to the market that the dividend was likely to be nearer 5.9p. This helped Vickers rally off the bottom to end 10 down at 166p on a hefty turnover of 3.8m.

Stores were generally firm, but Great Universal "A" (GUS) gave up most *gains*, closing 2 up at 1430p. At one time the shares were 50 higher at 1478p, amid suggestions that Cazenove, the company broker, was trying to buy shares in an already illiquid market, and had recommended the stock after a visit to one of the company's divisions on Wednesday. The rise also reflected optimism ahead of a presentation given for GUS by Warburg Securities, but this disappointed and was described as something of a non-event.

Sears were particularly active, rising 2 to 102p. Smith New Court recently recommended the shares as a good recovery stock, but regarded yesterday's movement as simply a reflection of the sectors general strength. Marks & Spencer put on 5 to 304p, following a Kleinwort Benson *recommendation.*

Discount supermarket group Kwik Save fell 32 to 594p after James Capel cut its profit forecast by £7m to £110m for the year to August 31 and by £12m to £122m for the following year. Kwik Save made a trading profit of £101.7m last year. Increased price competition from new *operators* in the discount food sector was behind the profit downgrade.

Vodafone sped up 9 to 353p on good turnover of 2.7m, mirroring strong gains in cellular stocks on Wall Street. Smith Barney, the Wall Street brokerage, was said to have shifted from a hold to a buy on Vodafone.

Standard Chartered raced up 9 to 420p in response to vague takeover stories while talk of a UBS Phillips & Drew recommendation was said to have lifted Midland 3½ to 230p. Lloyds Abbey Life was a notable weak spot in life assurances, the shares losing 14 to 380p *after* a bearish recommendation from Nomura, the Japanese-owned brokerage.

Commercial Union retreated 8 to 455p after reports that BZW had cut its 1992 dividend forecast and increased its estimate of 1992 losses.

Dollar weakness put pressure on internationally traded pharmaceuticals stocks and a negative press report yesterday gave the excuse to take profits. The newspaper article quoted a consumers' association study which was critical of over-the-counter cold and influenza medicines.

SmithKline Beecham, which makes Beecham's Powders, fell 7 to 961p, Reckitt & Colman which manufactures Lemsip dropped 4 to 674p and Wellcome, which produces a number *of cough and cold* remedies, slipped 12 to 1114p.

Glaxo responded to US selling and lost 18 to 829p and Fisons shed 6p to 379p.

Medeva gained 9 to 292p on the back of a presentation at US brokerage house Merrill Lynch, by the chairman, Mr Bernard Taylor, to investors in New York.

Trading in Reuters Holdings was volatile following a significant share placing which prompted a sharp slide on Wednesday. The company was, early yesterday, rumoured to be suggesting that analysts' estimates of profits to be announced next week were too high and the fall continued until the shares were 20 off. Then, they proved oversold and bounced back to close only a penny off at 1097p with 1.1m traded.

BTR was active in early dealing on concern that its Australian unit, BTR Nylex, may write down the value of assets. The *shares* closed only a penny off at 408p, after 403, with 3.6m traded.

BOC rose 10 to 648p against the trend as Kleinwort Benson published an internal note restating its buy stance on the stock. The securities house believes the company is on "an undemanding rating".

Babcock was active, the day's turnover reaching 12m and the shares remained unchanged at 56½p. Tomkins fell 4 to 435p. The word in the market is that the company is taking another look at Racal Electronics subsidiary, Chubb.

Profit taking hit Inchcape, leaving the shares 9 down at 433p.

British Airways fell 4 to 230p, with Goldman Sachs reported to have been offering *stock* at 231p. Smith New Court advised investors to take profits and the shares were also said to have suffered from worries about the company's accountancy methods included in a report from BZW.

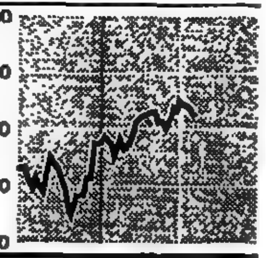
Senior Engineering retreated 2½ to 69½p after announcing a £26.6m rights issue.

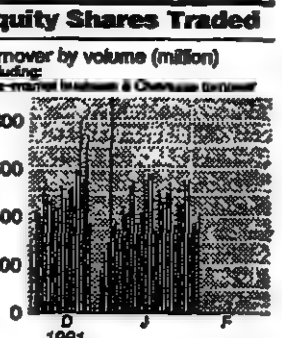
Shares in Euro Disney firmed on reports in the French press that bookings were well ahead *of* expectations. After rising to 1530p, the shares eased to close 5 ahead at 1525p.

USM-quoted ice cream manufacturer Clarke Foods jumped 15 to 88p in the old shares and 15 in the nil-paid to 27p after positive comment in a specialist tip-sheet.

MARKET REPORTERS:
Peter John, Colin Millham, Christopher Price, Steve Thompson, Joel Kibazo.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 15.





NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (87). BRITISH FUNDS (6) Cv. 10pc 1992, Ex. 9¾pc 1997, Tr. 8¾pc 1997, Tr. 6¾pc '95-98, Tr. 9¾pc 1999, Tr. 10½pc 1999, OTHER FIXED INTEREST (4) African Dev. 11¼pc 2010, Asian Dev. 10¼pc 2009, Hydro Quebec 15pc 2011, Inter-Amer 9½pc 2015, BREWERS & DISTILLERS (1) Greene King, BUILDING MATERIALS (2) Heywood Williams, Spring Ram, BUSINESS SERVICES (2) Davis Service, Serco, CONTRACTING & CONSTRUCTION (1) Gleeson (MJ), ELECTRICALS (1) Menvier-Swain, ELECTRONICS (3) Druck, Elect. Data Proc., Siemens, ENGINEERING GENERAL (4) Black & Decker, Fairey, Mayflower, Transfer Tech., FOOD MANUFACTURING (2) Clarke, Everest, FOOD RETAILING (1) Brake Bros., HEALTH & HOUSEHOLD (2) Medeva, Seton Hlthcare., INSURANCE COMPOSITE (1) Ace, INVESTMENT TRUSTS (15) Aberforth Smllr. Co's, C, China & Eastern, Fleming Emerg. Mkts., Fleming Intl. High Zero Prf., Gartmore Scot. Zero Prf., Gartmore Value Zero Prf., [illegible] Cons. Stppd. Prf., Kleinwort High Inc. Zero Prf., M & G Inc. Zero Prf., River & Merc. Stppd. Prf., Schroder Korea Fund, Do. Wrnts., [illegible], MEDIA (4) Abbott Mead Vickers, Central ITV, Daily Mail A, Tyne Tees, MISCELLANEOUS (2) Alumasc, Bardon (SC), MOTORS (2) Alfi Lab., Pendragon, OIL & GAS (1) Sidlaw, PACKAGING, PAPER & PRINTING (1) [illegible], STORES (3) [illegible] A, Lloyds Chemists, Marks & Spencer, TEXTILES (1) Leeds, TRANSPORT (1) Dawsongroup, MINES (1) Haven Flds.

NEW LOWS (51). BUILDING MATERIALS (2) Galliford, Ward, CONGLOMERATES (2) [illegible] ... [illegible] Green Wrnts., Schroder Japanese Wrnt., MEDIA (2) Osprey Comms., Shandwick, METAL & METAL FORMING (1) [illegible] (E), MISCELLANEOUS (1) Butlers, OIL & GAS (3) [illegible] Valley, Brit. Borneo, Chevron, Command Petrlm., Oliver Res., OTHER FINANCIAL (2) [illegible], Lon. Finance, OTHER INDUSTRIAL MATERIALS (1) [illegible], PACKAGING, PAPER & PRINTING (3) [illegible], Waverley Cameron, PROPERTY (7) Cap. & Counties, Estates & Agency, [illegible], A. Molyneux, Mowat, Prior, Wates City of Lon., STORES (3) Colorvision, [illegible], Mallett, TEXTILES (1) Alexandra Workwear, SOUTH AFRICANS (1) OK Bazaars, MINES (2) Free State Dev., Joel (HJ).

TRADING VOLUME IN MAJOR STOCKS

[illegible]

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

TRADING in stock index futures was characterised by two-way business with little in the way of features, writes Joel Kibazo.

Having opened at 2,561, at a premium of 26 to the cash market, the March FT-SE contract ran into sellers early on and soon fell to 2,550, the low of the day, as the underlying cash market attempted a rally.

Strong two-way business prevented further falls in the contracts, though County NatWest was reported to have been the big seller before Wall Street's opening.

A modest recovery in March was curtailed by the poor Wall Street opening. Dealers reported an increase in spread trading.

March eventually closed at 2,567 unchanged on Wednesday's close and 17 points *above its estimated fair value* premium to cash of 16. Turnover reached 7,224 lots.

In traded options, volume rose to 25,380 contracts, up from Wednesday's meagre 18,099. The FT-SE 100 Index traded 7,822 contracts while the Euro FT-SE traded 1,988. BT was the busiest stock option trading 1,865 lots with the February 330 calls the busiest series. This was followed by Cable and Wireless. It traded 1,261 contracts with the April 600 calls active.

LONDON SHARE SERVICE

BRITISH FUNDS

[illegible]

BRITISH FUNDS - Cont.

[illegible]

OTHER FIXED INTEREST

[illegible]

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

[illegible]

APPOINTMENTS

Wellington Names Haynes

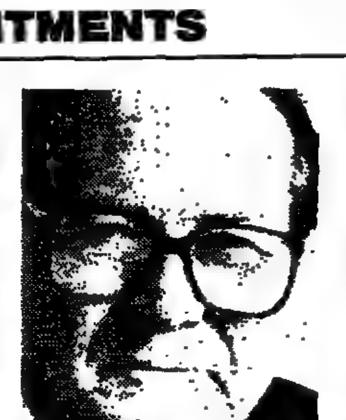
Gamekeeper turned poacher might be one view of yesterday's decision by Wellington Underwriting Holdings, the Lloyd's agency, to appoint Antony Haynes – a former leader of Lloyd's Names – to be its new chairman. But it's an impression that both parties are anxious to dispel.

Haynes has come to prominence at Lloyd's for his forceful leadership of the Association of Lloyd's Members, the organisation which acts as a kind of trades union for nearly markets underwriting.

A Name himself since 1964, Haynes has been a bitter critic of the market's establishment. But he believes attitudes have changed at Lloyd's, where a proposed far-reaching reform of the market's business structure was accepted by the Council last month.

Haynes played a prominent part in the task force which conducted the review. He recommended the appointment of *McKinsey* as management consultants, and, as a member of the 14-man team, pressed personally for many of the new rights for Names – such as their freedom to call annual general meetings of syndicates.

Certainly, Wellington, which manages nine syndicates with potential premium income of around £500m, will benefit from Haynes' business experience. Now 61, Haynes has spent most of his working life at Booker, where he is currently chairman of the group's agricultural division.



■ Davies & Newman Holdings, the recently rescued parent company of the Dan Air airline, has appointed John Olsen *as its new chief* executive.

Olsen, 49, is the London-based general manager for Europe and parts of the middle east for Cathay Pacific, the Hong Kong airline. He has worked for Cathay for 25 years, about 20 of them in the Far East. His experience lies largely in scheduled services. Dan Air, Europe's 12th largest airline with a strong position at Gatwick, has switched its emphasis from charter to scheduled flights.

Olsen replaces Charles Whyte, who was brought in as managing director by David James, a company doctor, himself brought in as chairman and chief executive in the autumn of 1990.

James will stay on as non-executive chairman, with his salary falling to a fraction of the £500,000 fee he has received for 18 months' work. He says there is now a strong possibility that he will become involved in another rescue project.

Fauroux joins C Union

Commercial Union confirmed its reputation as the most European-minded of the UK composite insurance groups by this week appointing a senior French industrialist and politician to its board.

Roger Fauroux, currently president d'honneur *of the* Compagnie de St Gobain, is a former industry minister in France and was well known to the executives *managing* CU's sizeable Paris-based French subsidiary. According to executive director, John Carter, Fauroux's mix of private sector and civil service experience made him an attractive addition to a board that has become both smaller and more "business-focused" in recent years.

Nicholas Baring, CU's chairman, says the appointment, coupled with that last year of Professor Henk Meij, a Unilever director, would be of "particular value to the group in the development of its operations within the EC". Meij has been involved in mergers and acquisitions.

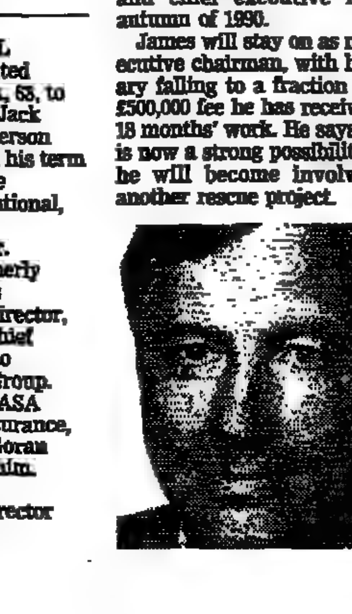
Ian Strachan, the deputy chief executive of RTZ Corporation, was also appointed to the board. Fauroux replaces Robert Brooks, who retires after serving 15 years as a non-executive director.

■ SCOTTISH MUTUAL Assurance has appointed Professor Robert Jack, 63, to be its new chairman. Jack replaces Forbes McPherson who, having extended his term of office to oversee the takeover by Abbey National, will continue as a non-executive director.

■ Bill McDonald, formerly financial controller, is promoted to finance director, and Frank Webster, chief investment manager to director of REFUGE Group.

■ Roy Wood, md of WASA International (UK) Insurance, will retire in March. Goran Larsson will succeed him.

■ Richard Williams is appointed financial director of SCOTTISH LION.



LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs		38¼xd	+⅜	38⅝	20⅞	15,363	1.6
♥Allegheny & W		236p	+13	335p	218p	171.5	5.1
Amdahl		1071pxd	+8	1071p	667p	1,186	0.5
Amer Cyanamid		33⅝	+¼	42½	25¾	3,135	2.5
Amer Express		17⅞xd	−⅛	17⅞	9¾	5,586	4.8
Amer T & T		23¼xd	−⅛	24½	15¼	27,163	3.6
Ameritech		33⅞	−⅜	38⅞	32½	14,281	5.8
BankAmerica		21xd	−½	25⅜	12	4,789	3.4
Bankers NY		35¾xd	−⅛	38	20	2,891	7.8
Bell Atlantic		24⅝xd	−⅜	30½	24¼	9,782	5.7
BellSouth		28⅞	—	31¼	25	13,835	5.8
♥Bethlehem Steel		7⅞xd	−⅛	11¼	6¾	580.2	—
Bowater		1374p	—	1530p	1042p	493.5	4.9
CPC		45xd	−⅛	54	37	3,434	2.7
California Engy		697p	—	830p	420p	128.9	—
Campbell Soup	h	21⅝	+⅛	25	14⅛	8,436	1.8
Chase Manhattan		11xd	−⅛	12¾	5	1,572	5.8
Chrysler		8xd	−⅛	9	5	2,362	3.8
Citicorp		8¾xd	+⅛	10⅜	4⅝	3,085	—
Colgate-Palm		26xd	+⅛	27⅝	21	3,798	2.3
Cont'l Bank		785p	+16	822p	438p	777.1	5.9
Dana		17xd	−⅜	21⅝	13⅝	781.3	6.3
Data General		649p	+17	1282p	203p	178.3	—
Dial		26⅞xd	−⅛	27⅞	12⅞	1,067	2.9
Dun & Brad		29⅝	−⅛	31⅝	20⅜	5,242	4.1
Eaton		37¼	−¼	40	24¼	1,289	3.3
Echlin		8¾xd	+⅛	8	5½	488.8	4.5
FPL		18¼xd	−⅛	20	14	3,176	7.2
Fluor		24xd	−⅛	30	17	2,008	0.9
Ford Motor		18xd	−⅛	23¼	13	8,898	3.1
Gen Elect		42½xd	−⅛	46	28	36,839	2.8
♥General Host		509p	−10	586p	270p	—	4.0
Gillette		28xd	−⅛	45¾	20⅞	6,136	1.2
Hasbro		22½	−⅛	24	7	1,290	0.8
Honeywell		40¾xd	+⅛	40¾	21¾	2,841	2.3
Houston Inds		23⅞	—	24⅞	17⅞	3,913	7.1
IBM		50xd	−1	72	46	28,642	5.4
Ingersoll-Rand		31½xd	−⅛	33	18	1,633	2.4
Lockheed		23⅝xd	−⅛	25⅜	18⅜	1,479	4.8
Lowe's		2269p	−33	2337p	1245p	825.1	1.4
Merrill Lynch		32¼xd	+⅛	38	10	3,362	1.7
Morgan (JP)		34xd	—	35¼	21	6,504	3.6

CANADIANS

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING AEROSPACE

ENGINEERING GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

MERCHANT BANKS - Cont.

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

[illegible]

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1299 a year for each security shown, subject to the Editor's discretion.

London Share Prices

London share prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT.
To obtain your free share Code Booklet ring (071 925-2128)

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: [illegible]

OFFER PRICE: [illegible]

BID PRICE: [illegible]

CANCELLATION PRICE: [illegible]

HISTORIC PRICING: [illegible]

FORWARD PRICING: [illegible]

SCHEME PARTICULARS AND REPORTS: [illegible]

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	Init Chge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Grs
Sovereign Unit Tst Mngrs Ltd (1000)F						
12 Christchurch Rd, Bournemouth 0202 298422						
Cash	1	50.46	50.46	50.96	+0.01	10.6
Cnsrld Prfrance	5½	48.29	48.99xd	51.83	+0.01	9.02
Ethical	5½	48.08	49.07	52.20	+0.07	4.90
European Growth	5½	47.39	47.80	50.99	-0.04	3.0
Income	5½	45.49	46.04	49.11	-0.13	8.0
Intl Growth	5½	65.84	65.89	70.28	-0.31	3.11
Managed	5½	58.14	58.50	62.40	-0.28	4.51
UK Growth	5½	48.89	49.36xd	52.86	-0.17	5.85
Standard Chartered Equitor (1200)F						
69 Old Broad Street, EC2M 1QS 071-280 6521						
Mngd Exempt Acc	3	194.6	196.8xd	204.9	-0.3	3.06
Do Income	3	182.1	184.1xd	191.7	-0.3	3.06
Standard Life Tst Mgmt Ltd (0629)H						
3 George St, Edinburgh EH2 2XZ 0800 393777						
Managed Acc	5½	36.23	36.23	38.50	-0.1	2.40
UK Equity Gth Acc	5½	49.53	50.47	53.63	----	2.09
UK Eq High Inc Inc	5½	28.66	29.32	31.16	-0.1	6.21
UK Eq High Inc Acc	5½	32.22	32.97	35.04	-0.1	6.21
UK Equity Gen Acc	5½	45.99	46.73	49.66	-0.2	3.45
UK Equity Gen Inc	5½	35.99	36.57	38.86	-0.1	3.45
UK Larger Cos Acc F	7½	304.0	307.8	334.0	-1.0	4.77
UK Larger Cos Inc F	7½	244.7	247.8	268.9	-0.8	4.77
Gilt & Fxd Int Inc	5½	28.30	28.37	30.01	+0.1	7.43
O'seas Larg Cos Acc F	7½	212.2	215.8	234.2	+0.2	2.03
Nth American Acc	5½	35.99	36.16	38.42	+0.1	0.72
Far East Acc	5½	39.74	40.77	43.52	----	0.07
European Acc	5½	34.78	36.11	38.37	+0.2	1.68
Stewart Ivory Unit Tst Mngs Ltd (1200)H						
45 Charlotte Sq, Edinburgh 031-226 3271						
American ♥	5	295.8	295.8	315.6	-0.4	0.73
(Accum Units) ♥	5	348.2	348.2	371.5	-0.4	0.73
British	5	797.7	810.7	857.7	-3.7	6.05
(Accum Units)	5	1310.6	1332.0	1409.2	-6.1	6.05
European	5	329.8	329.8	350.1	+0.3	1.43
(Accum Units)	5	357.5	357.5	379.5	+0.3	1.43
Japan	5	109.1	109.1	116.1	+0.3	—
(Accum Units)	5	110.0	110.0	117.0	+0.3	—
New Pacific	5	182.3	182.3	194.2	-0.8	1.79
(Accum Units)	5	187.2	187.2	199.4	-0.9	1.79
PEP Feb 5	5	148.8	150.3	159.0	----	3.54
Mngd Equity	5	124.9	126.0	133.3	-0.3	3.41
Mngd Equity Acc	5	132.5	133.7	141.4	-0.3	3.41
Mngd Cash	0	96.12	96.12	96.12	+0.2	10.38
(Accum Units)	0	118.5	118.5	118.5	----	10.38
Majority Stlg	1	100.15	100.15	101.15	+0.02	10.10
Majority Stlg Acc	1	109.06	109.06	110.15	+0.02	10.10
Storebrand Intl Inv Mngrs Ltd (1200)F						
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex						

	Bid Price	Offer Price	+ or -	Yield Gross
Funds in Court*				
Capital Jan 16	495.45	499.11	----	2.83
Gross Jan 16	170.31	171.68xd	----	11.36
High Yield Jan 16	280.23	282.47	----	7.79
* Restricted to monies under Court control				
Henderson Unit Trust Management Ltd				
Pensions Mngd	52.95	54.04	-0.06	3.88
INVESCO MIM Management Ltd				
Exempt Funds				
Intl Mngd P'Folio	1170.0	1263.6xd	----	—
Mngd Pens (Acc)	66.7	71.1	----	—
Lazard Brothers & Co. Ltd				
Property Sept 5	£2440.0	2680.0	----	7.00
Inc Gth Prp Jul 31	£1375.8	1460.0	----	8.90
Lazard Investors Ltd ##				
Exempt Funds				
Small Co's Feb 5	£3904.3	4075	+16.10	3.90
European Feb 5	£573.0	579.5	+5.20	1.31
American Feb 5	£360.2	363.3	-2.70	2.24
Japan Feb 5	£468.6	473.9	-7.40	1.37
Pacific Feb 5	£143.0	145.1	-1.10	1.20
W Midlands Jan 31	£132.00	147.00	----	2.48
Local Authorities Mutual Invest. Tst.*				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Property Jan 31	196.75	200.75	----	7.93
Equity Jan 31	889.05	895.20	----	3.77
* Available only to Local Authorities				
M & G Securities Ltd				
Charibond Feb 5	105.66xd		+0.2	10.41
(Accum Units)	627.75		+1.5	10.41
NAAEIF Jan 28	40.03xd		----	9.82
Morgan Grenfell Investment Funds Ltd				
Exempt Funds				
UK Equity † Feb 4	127.9	137.7	----	1.97
UK Small Co † Feb 4	520.4	570.8	----	3.50
Fixed Interest † Feb 4	111.4	117.1	----	8.55
US Small Co Feb 4	176.8	189.0	----	0.00
Managed Feb 4	108.7	116.4	----	3.40
Intl Bond Feb 4	121.4	128.1	----	10.02
Japan Feb 4	70.62	75.31	----	3.90
European Feb 4	89.84	96.32	----	1.77
Nth American Feb 4	119.2	128.2	----	1.25
Murray Johnstone UT Mngmt				

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

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N & P Life Assurance Ltd
6-7 Bedford Row, London WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or −	Yield Gross
Life Managed Fd	110.5	116.3	—	—
Pension Managed Fd	109.1	114.8	—	—
Life Deposit Fd	112.3	118.3	—	—
Pension Deposit Fd	119.8	126.1	—	—

For National Fin see Target Life

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422
Harvester Pension Funds

	Bid Price	Offer Price	+ or −	Yield Gross
Managed	174.8	184.1	—	—
UK Equity	184.2	193.9	—	—
Overseas Equity	142.1	149.6	—	—
Fixed Interest	161.5	170.1	—	—
Property	130.9	137.8	—	—
[illegible]	154.6	162.8	—	—
Deposit	167.4	176.3	—	—
With Profits (B)	137.0	144.2	—	—

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or −	Yield Gross
Managed	356.5	375.3	−1.0	—
UK Equity	446.7	470.3	−1.6	—
Overseas Eq	342.7	360.8	−0.9	—
Americas	295.0	310.6	−0.9	—
Far East	352.6	371.2	—	—
Property	194.2	204.5	−0.1	—
Fixed Int	279.7	294.5	−0.1	—
Indexed Gilt	164.0	172.7	—	—
Deposit	190.9	201.0	—	—
With Profit	107.1	112.8	+0.1	—

[illegible]

OFFSHORE INSURANCES

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

[illegible]

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

INVESCO MIM International Limited (u)
PO Box 271, St Helier, Jersey 0534 73114

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Asia Super Gwth Fd		$-	13.56	14.28	+0.02	-
Income Plus		$-	9.69xd	10.20	+0.03	9.37
Maximum Income		£-	0.99xd	1.05	+0.01	11.00
Oceanic Global Strat		$-	16.14xd	16.99	+0.07	-
Warrant Funds						
PS Nth American Wrnt		$-	7.35	7.88	-0.11	-
PS North Amer Wrnt £		£-	4.04	4.33		-
Asia Tiger Warrant		$-	1.67	1.80	+0.01	-
Asia Tiger Warrant £		£-	0.92	0.99		-
European Warrant		$-	1.81	1.95	+0.03	-
European Warrant £		£-	0.99	1.07		-
Nippon Warrant		$-	4.30	4.61	-0.21	-
Nippon Warrant £		£-	2.36	2.53		-
Premier Select Funds						
American Growth		$-	5.24	5.62	+0.01	-
American Enterprise		$-	8.30	8.90	+0.14	-
Asia Tiger Gwth		$-	5.40	5.79	+0.01	-
Dollar Reserve		$-	5.12	5.13		-
European Growth		$-	4.19	4.50	+0.04	-
European Enterprise		$-	4.87	5.22	+0.04	-
Global Emerging Mkts		$-	5.50	5.89	+0.02	-
Global Growth		$-	4.64	4.98	+0.03	-
Nippon Enterprise		$-	5.83	6.26	+0.06	-
Nippon Growth		$-	4.26	4.57	+0.05	-

For Ivory & Sime see Abtrust

Kleinwort Benson Japanese Warrant Fund
14 rue Aldringen Luxembourg 010 352 4799-1

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
NAV		$-	8.175			-

Kleinwort Benson Select Fund (u)
14 Rue Aldringen L-1118 Luxembourg 010 352 47991

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
British		Ecu-	1.94	2.05		-
Emerging Asia		Ecu-	1.75	1.86		-
European		Ecu-	1.83	1.94		-
International		Ecu-	1.69	1.80		-
Japanese		Ecu-	1.59	1.69		-
Kanadills World		FM-	12.72	13.48		-
North America		Ecu-	2.09	2.22		-
Pacific		Ecu-	1.74	1.85		-

Credit Suisse

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

LUXEMBOURG (REGULATED)(**)

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar climbs in quiet trade

THE dollar recovered some of the ground it lost overnight, as traders moved to cover their short positions in advance of today's employment figures.

After opening weaker in London at DM1.5748, compared with a close of DM1.5880, the dollar recovered to close at DM1.5795. That trend was repeated in New York, where the dollar opened at DM1.5768/73, compared with a close of DM1.5803/10. By mid-day, it had firmed to DM1.5791/98.

The weaker opening levels were attributed to bearish statements made by Bank of Japan governor, Mr Yasushi Mieno, on the US economy.

He warned that recovery in the US might be further away than many anticipated and might not even begin in the second half.

To compound his statements, Mr Helmut Schlesinger, Bundesbank president, reiterated the need for tight monetary policy in Germany in a newspaper interview.

Mr Schlesinger's comments only highlighted the interest rate differential between the US and Germany, which until this week had appeared to be narrowing.

The exceptionally wide range of forecasts for the US employment figures continued to confuse the market, and created a sense of uncertainty as to the immediate prospect for the dollar. Forecasts for the numbers were as diverse as a 100,000 drop in non-farm payrolls and a rise of 140,000.

The market median was focused on a rise of about 40,000, said Dr Mark Austin, an economist at HongKong Bank. However, the figures would be distorted by the seasonal adjustments of retail workers laid off after the Christmas period. Since retailers are believed to have taken on fewer workers than normal, the adjustments could seriously distort the figures, economists warned.

"The numbers will need careful dissection before you interpret them," said Dr Austin.

The factory orders figures published yesterday, which showed greater than expected declines for the month of December and the whole of 1991, had a largely neutral effect on the dollar, said Mr David Cocker of Chemical Bank.

Within the exchange rate mechanism, the D-Mark continued to hold the lead. Trading was fairly quiet, however, with most attention focused on tomorrow's events in the US.

Sterling hovered just above its ERM floor, although few in the market seemed to be as alarmed at the prospect as in the weeks around Christmas. The pound closed in London unchanged on the previous day's DM2.87.

Sterling is not expected to draw much attention until next week's round of statistics, covering producer and retail price figures, money supply, bank lending unemployment and average earnings.

The Spanish peseta weakened slightly against the German currency, from 62.95 per D-Mark to 62.98.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Feb 6	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.656	-3.72	6.06	64
Belgian Franc	42.4032	42.0511	-0.83	2.97	39
Dutch Guilder	2.31643	2.29917	-0.75	2.88	36
D-Mark	2.05586	2.04237	-0.66	2.79	41
Irish Punt	0.767417	0.765628	-0.23	2.35	10
Italian Lira	1538.24	1537.45	-0.05	2.17	2
French Franc	6.89509	6.96035	0.95	1.16	-33
Danish Krone	7.84195	7.92045	1.00	1.10	-47
Sterling	0.696904	0.711634	2.11	0.00	-42

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

£ IN NEW YORK

Feb.6	Latest	Previous Close
£ Spot	1.8190-1.8200	1.8175-1.8185
1 month	0.94-0.93pm	1.01-0.99pm
3 months	2.86-2.84pm	2.84-2.81pm
12 months	9.58-9.50pm	9.60-9.50pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Feb.6	Previous
8.30 am	91.3	90.9
9.00 am	91.3	90.9
10.00 am	91.3	90.9
11.00 am	91.2	90.9
Noon	91.2	91.0
1.00 pm	91.2	91.0
2.00 pm	91.2	91.0
3.00 pm	91.2	91.2
4.00 pm	91.2	91.1

CURRENCY MOVEMENTS

Feb 6	Bank of England Index	Morgan** Guaranty Changes %
Sterling	91.2	-20.5
U.S Dollar	62.5	-16.4
Canadian Dollar	100.8	-9.3
Austrian Schilling	110.2	+12.5
Belgian Franc	111.9	-1.6
Danish Krone	109.5	+3.4
D-Mark	119.1	+23.4
Swiss Franc	108.5	+16.8
Dutch Guilder	115.0	+16.6
French Franc	109.6	-12.7
Lira	99.2	-19.6
Yen	143.7	+79.7

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Feb.5

CURRENCY RATES

Feb 6	Bank & rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.777553	0.711634
U.S Dollar	3.50	1.40426	1.29567
Canadian $	7.28	1.65647	1.52669
Austrian Sch	7.50	15.6968	14.3716
Belgian Franc	8.50	45.9298	42.0511
Danish Krone	9.50	8.64533	7.92045
D-Mark	8.00	2.25011	2.04237
Dutch Guilder	8.50	2.50351	2.29917
French Franc	10¼	7.59354	6.96035
Italian Lira	12	1676.30	1537.45
Japanese Yen	4.50	171.147	162.477
Norway Krone	8	8.75345	8.01736
Spanish Peseta	-	140.225	128.656
Swedish Krona	10.00	8.10820	7.42291
Swiss Franc	7.00	1.98913	1.82236
Greek Drach	19	257.991	236.253
Irish Punt	-	0.833339	0.765628

& Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland.
† European Commission Calculations.
* All SDR rates are for Feb.5

OTHER CURRENCIES

Feb 6	£	$
Argentina	1.7979 - 1.8025	0.9900 - 0.9910
Australia	2.4310 - 2.4330	1.3360 - 1.3375
Brazil	2471.00 - 2472.60	1360.70 - 1360.90
Finland	7.8265 - 7.8420	4.3030 - 4.3060
Greece	329.100 - 334.400	180.650 - 183.600
Hong Kong	14.1005 - 14.0175	7.7545 - 7.7575
Iran	2536.00*	1420.00*
Korea(Sth)	1375.35 - 1397.35	757.80 - 766.80
Kuwait	0.53075 - 0.53200	0.29180 - 0.29250
Luxembourg	59.10 - 59.20	32.50 - 32.60
Malaysia	4.7365 - 4.7435	2.6050 - 2.6070
Mexico	5540.35 - 5552.45	3061.20 - 3062.20
N.Zealand	3.3515 - 3.3545	1.8445 - 1.8460
Saudi Ar	6.7945 - 6.8715	3.7495 - 3.7505
Singapore	2.9470 - 2.9540	1.6240 - 1.6260
S.Af (Cm)	5.0340 - 5.0460	2.7730 - 2.7750
S.Af (Fn)	6.2760 - 6.3870	3.4540 - 3.5150
Taiwan	45.30 - 45.40	24.95 - 25.00
U.A.E.	6.6530 - 6.7300	3.6715 - 3.6735

*Floating rate. Iran Official rate £117.25 $65.45

POUND SPOT - FORWARD AGAINST THE POUND

Feb 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8120 - 1.8235	1.8160 - 1.8170	0.95-0.93cpm	6.21	2.86-2.83pm	6.26
Canada	2.1370 - 2.1485	2.1375 - 2.1385	0.60-0.51cpm	3.12	1.84-1.72pm	3.33
Netherlands	3.2225 - 3.2355	3.2225 - 3.2325	¼-⅛cpm	0.70	⅝-½pm	0.82
Belgium	58.95 - 59.30	59.10 - 59.20	4-1cpm	0.51	15-9pm	0.81
Denmark	11.1080 - 11.1485	11.1250 - 11.1350	⅛-⅛orepm	0.34	1¼-⅛pm	0.31
Ireland	1.0750 - 1.0780	1.0750 - 1.0760	0.03pm-0.02cdis	0.06	0.06pm-0.03dis	0.06
Germany	2.8665 - 2.8730	2.8675 - 2.8725	¼-⅛pfpm	0.78	⅝-½pm	0.78
Portugal	246.15 - 247.85	246.70 - 247.70	134-154cdis	-6.99	274-313dis	-4.75
Spain	180.25 - 181.15	180.40 - 180.70	27-36cdis	-2.09	96-110dis	-2.28
Italy	2156.55 - 2163.40	2158.50 - 2159.50	3-5liredis	-2.22	7-9dis	-1.48
Norway	11.2400 - 11.2830	11.2400 - 11.2500	¼-¾oredis	-0.27	¼-1dis	-0.27
France	9.7550 - 9.7935	9.7550 - 9.7650	⅜-⅛cpm	0.31	⅝-⅜pm	0.26
Sweden	10.4075 - 10.4495	10.4075 - 10.4175	2½-2⅞oredis	-2.59	4½-5⅛dis	-1.92
Japan	227.75 - 228.75	227.75 - 228.75	1-⅞ypm	4.93	3-2⅞pm	5.15
Austria	20.16 - 20.22	20.16 - 20.19	2-⅛gropm	0.86	5¼-2⅛pm	0.81
Switzerland	2.5550 - 2.5665	2.5550 - 2.5650	⅜-⅛cpm	2.93	2-1⅝pm	2.93
Ecu	1.4030 - 1.4080	1.4070 - 1.4080	0.02pm-0.02cdis	-	0.02-0.04cdis	-0.09

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.41-5.36cpm. 12 Month 9.60-9.50pm

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Feb 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8120 - 1.8235	1.8160 - 1.8170	0.95-0.93cpm	6.21	2.86-2.83pm	6.26
Ireland†	1.6870 - 1.6940	1.6885 - 1.6895	0.90-0.85cpm	6.22	2.70-2.60pm	6.28
Canada	1.1760 - 1.1800	1.1785 - 1.1795	0.29-0.32cdis	-3.10	0.86-0.90dis	-2.99
Netherlands	1.7700 - 1.7815	1.7770 - 1.7780	0.80-0.83cdis	-5.50	2.51-2.56dis	-5.70
Belgium	32.40 - 32.60	32.50 - 32.60	15.00-17.00cdis	-5.90	43.00-47.00dis	-5.53
Denmark	6.1030 - 6.1300	6.1250 - 6.1300	2.80-3.15oredis	-5.83	8.80-9.50dis	-5.97
Germany	1.5720 - 1.5825	1.5790 - 1.5800	0.70-0.71pfdis	-5.36	2.19-2.21dis	-5.57
Portugal	135.80 - 136.15	136.05 - 136.15	123-133cdis	-11.29	355-375dis	-10.73
Spain	99.05 - 99.70	99.60 - 99.70	69-71cdis	-8.43	212-218dis	-8.63
Italy	1183.50 - 1190.20	1188.25 - 1188.75	7.50-8.00liredis	-7.82	23.00-24.00dis	-7.91
Norway	6.1700 - 6.2000	6.1875 - 6.1925	3.10-3.50oredis	-6.40	9.90-10.50dis	-6.59
France	5.3630 - 5.3900	5.3700 - 5.3750	2.60-2.65cdis	-5.86	8.07-8.17dis	-6.05
Sweden	5.7160 - 5.7445	5.7300 - 5.7350	3.70-4.05oredis	-8.11	11.65-12.25dis	-8.34
Japan	125.20 - 125.80	125.65 - 125.75	0.13-0.15ydis	-1.34	0.36-0.37dis	-1.16
Austria	11.0725 - 11.1125	11.1075 - 11.1125	4.80-5.20grodis	-5.40	15.00-16.20dis	-5.62
Switzerland	1.4025 - 1.4115	1.4085 - 1.4095	0.38-0.39cdis	-3.28	1.20-1.22dis	-3.44
Ecu	1.2900 - 1.2970	1.2925 - 1.2935	0.68-0.65cpm	6.17	2.07-2.01pm	6.31

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Feb 6	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10⅝ - 10½	10½ - 10⅜	10¹¹⁄₁₆ - 10⅝	10¹¹⁄₁₆ - 10⅝	10¹¹⁄₁₆ - 10⅝	10⅝ - 10½
US Dollar	4⅛ - 4	4⅛ - 4	4⅛ - 4	4⅛ - 4	4¼ - 4⅛	4⅝ - 4½
Can. Dollar	7 - 6¾	7 - 6¾	7⅛ - 6⅞	7⅛ - 6⅞	6⅞ - 6¾	7¼ - 7⅛
Dutch Guilder	9⅜ - 9¼	9⅜ - 9¼	9½ - 9⅜	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
Swiss Franc	7¼ - 7	7⅜ - 7¼	7⅝ - 7½	7⅝ - 7½	7⅝ - 7½	7⅝ - 7½
D-Mark	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9¾ - 9⅝	9⅝ - 9½
French Franc	10 - 9¾	10 - 9¾	10 - 9⅞	10⅛ - 10	10 - 9⅞	9⅞ - 9¾
Italian Lira	12 - 10	12⅛ - 11½	12⅛ - 11⅞	12 - 11⅞	12 - 11⅝	12 - 11⅝
Belgian Franc	9⅜ - 9¼	9½ - 9⅜	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½
Yen	5⅝ - 5½	5½ - 5⅜	5⅝ - 5½	5½ - 5⅜	5⅜ - 5¼	5⅛ - 5
Danish Krone	10 - 9⅞	10 - 9⅞	10⅛ - 10	10⅛ - 10	10⅛ - 10	10 - 9⅞
Asian $Sing	2⅞ - 2⅝	2⅞ - 2⅝	3⅛ - 3⅛	3⅛ - 3⅛	3⅛ - 3⅛	3⅛ - 3¼

Long term Eurodollars: two years 5⅛-5⅛ per cent; three years 6⅛-6⅛ per cent; four years 6⅝-6½ per cent; five years 7-6⅞ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Feb.6	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.817	2.870	228.3	9.760	2.560	3.228	2159	2.138	59.15	1.408
$	0.550	1	1.580	125.6	5.371	1.409	1.777	1188	1.177	32.55	0.775
DM	0.348	0.633	1	79.55	3.401	0.892	1.125	752.3	0.745	20.61	0.491
YEN	4.380	7.959	12.57	1000.	42.75	11.21	14.14	9457	9.365	259.1	6.167
F Fr.	1.025	1.862	2.941	233.9	10.	2.623	3.307	2212	2.191	60.60	1.443
S Fr.	0.391	0.710	1.121	89.18	3.813	1	1.261	843.4	0.835	23.11	0.550
N Fl.	0.310	0.563	0.889	70.72	3.024	0.793	1	668.8	0.662	18.32	0.436
Lira	0.463	0.842	1.329	105.7	4.521	1.186	1.495	1000.	0.990	27.40	0.652
C $	0.468	0.850	1.342	106.8	4.565	1.197	1.510	1010	1	27.67	0.659
B Fr.	1.691	3.072	4.852	386.0	16.50	4.328	5.457	3650	3.615	100.	2.380
Ecu	0.710	1.290	2.038	162.1	6.932	1.818	2.293	1533	1.518	42.01	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS
£50,000 64ths of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
94	3-57	4-35	0-01	0-29
95	2-58	3-47	0-02	0-41
96	1-60	3-00	0-04	0-58
97	1-06	2-22	0-14	1-16
98	0-31	1-50	0-39	1-44
99	0-10	1-22	1-18	2-16
100	0-03	0-63	2-11	2-57
101	0-01	0-45	3-09	3-39

Estimated volume total, Calls 4658 Puts 3523
Previous day's open int. Calls 43698 Puts 29793

LIFFE US TREASURY BOND FUTURES OPTIONS
$100,000 64ths of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
98	3-45	3-30	0-05	1-00
99	2-58	2-52	0-18	1-22
100	1-60	2-15	0-20	1-49
101	1-14	1-47	0-38	2-17
102	0-44	1-21	1-04	2-55
103	0-23	1-00	1-47	3-34
104	0-12	0-47	2-36	4-17
105	0-05	0-35	3-30	5-05

Estimated volume total, Calls 0 Puts 50
Previous day's open int. Calls 3063 Puts 2607

LIFFE BUND FUTURES OPTIONS
DM250,000 points of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
8650	1.32	2.29	0.01	0.17
8700	1.84	1.89	0.03	0.27
8750	0.41	1.50	0.10	0.38
8800	0.29	1.16	0.28	0.54
8850	0.11	0.87	0.60	0.75
8900	0.03	0.64	1.02	1.02
8950	0.01	0.45	1.50	1.33
9000	0	0.32	1.99	1.70

Estimated volume total, Calls 12995 Puts 4305
Previous day's open int. Calls 153282 Puts 95707

LIFFE EUROMARK OPTIONS
DM1m points of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
8950	0.98	1.37	0	0
8975	0.73	1.13	0	0.01
9000	0.49	0.89	0.01	0.02
9025	0.25	0.66	0.02	0.04
9050	0.07	0.45	0.09	0.08
9075	0.02	0.27	0.29	0.15
9100	0.01	0.15	0.53	0.28
9125	0	0.08	0.77	0.46

Estimated volume total, Calls 3287 Puts 1719
Previous day's open int. Calls 75764 Puts 38537

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS
Lire 200m 100ths of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
9650	1.95	2.24	0	0.18
9700	1.46	1.83	0.01	0.27
9750	0.98	1.44	0.03	0.38
9800	0.54	1.13	0.09	0.57
9850	0.23	0.84	0.28	0.78
9900	0.07	0.62	0.62	1.06
9950	0.02	0.44	1.07	1.38
10000	0.01	0.31	1.56	1.75

Estimated volume total, Calls 61 Puts 160
Previous day's open int. Calls 5328 Puts 2725

LIFFE SHORT STERLING OPTIONS
£500,000 points of 100%

Strike Price	Calls-settlements Mar	Calls-settlements Jun	Puts-settlements Mar	Puts-settlements Jun
8875	0.92	1.30	0	0.04
8900	0.68	1.07	0.01	0.06
8925	0.45	0.86	0.03	0.10
8950	0.24	0.67	0.07	0.16
8975	0.10	0.49	0.18	0.23
9000	0.04	0.34	0.37	0.33
9025	0.02	0.23	0.60	0.47
9050	0	0.15	0.83	0.64

Estimated volume total, Calls 3168 Puts 3160
Previous day's open int. Calls 109922 Puts 58114

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT *
£50,000 32nds of 100%

	Close	High	Low	Prev.
Mar	97-28	98-01	97-19	97-29
Jun	98-03	98-04	97-28	98-04

Estimated volume 27816 (46724)
Previous day's open int. 61146 (58547)

US TREASURY BONDS 8% *
$100,000 32nds of 100%

	Close	High	Low	Prev.
Mar	101-20	101-23	101-13	101-10
Jun	100-15			100-05

Estimated volume 2620 (1580)
Previous day's open int. 4302 (4505)

6% NOTIONAL GERMAN GOVT. BOND *
DM250,000 100ths of 100%

	Close	High	Low	Prev.
Mar	88.01	88.07	87.81	87.91
Jun	88.62	88.58	88.43	88.50

Estimated volume 51749 (53599)
Previous day's open int. 113510 (112012)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low
Mar	102.33	102.37	102.26
Jun	102.20	102.25	102.14

Estimated volume 987 (520)
Traded exclusively on APT

9% NOTIONAL ECU BOND
ECU 200,000 100ths of 100%

	Close	High	Low	Prev.
Mar	102.72	102.72	102.58	102.58

Estimated volume 295 (106)
Previous day's open int. 347 (357)

12% NOTIONAL ITALIAN GOVT. BOND (BTP) *
LIRA 200m 100ths of 100%

	Close	High	Low	Prev.
Mar	98.45	98.49	98.29	98.44
Jun	98.56	98.60	98.46	98.59

Estimated volume 9418 (4352)
Previous day's open int. 21139 (21840)

THREE MONTH STERLING *
£500,000 points of 100%

	Close	High	Low	Prev.
Mar	89.67	89.69	89.62	89.66
Jun	90.01	90.03	89.96	89.99
Sep	90.33	90.37	90.32	90.34
Dec	90.52	90.56	90.49	90.52
Mar	90.67	90.70	90.65	90.67
Jun	90.69	90.71	90.66	90.69

Est. Vol. (inc. figs. not shown) 40095 (41759)
Previous day's open int. 202465 (201480)

THREE MONTH EURODOLLAR *
$1m points of 100%

	Close	High	Low	Prev.
Mar	95.90	95.91	95.88	95.87
Jun	95.71	95.70	95.69	95.67
Sep	95.37	95.38	95.35	95.33
Dec	94.74	94.74	94.71	94.67

Est. Vol. (inc. figs. not shown) 3465 (4040)
Previous day's open int. 41396 (40353)

THREE MONTH EUROMARK *
DM 1m points of 100%

	Close	High	Low	Prev.
Mar	90.48	90.50	90.44	90.46
Jun	90.87	90.89	90.80	90.82
Sep	91.25	91.27	91.19	91.20
Dec	91.55	91.58	91.49	91.50
Mar	91.92	91.94	91.88	91.88
Jun	92.11	92.16	92.06	92.08

Estimated volume 38359 (45731)
Previous day's open int. 227711 (229480)

THREE MONTH ECU
ECU 1m points of 100%

	Close	High	Low	Prev.
Mar	89.70	89.70	89.64	89.66
Jun	90.20	90.23	90.12	90.14
Sep	90.70	90.68	90.62	90.65
Dec	91.15	91.15	91.15	91.07

Estimated volume 981 (1349)
Previous day's open int. 7849 (7876)

THREE MONTH EURO SWISS FRANC
SFR 1m points of 100%

	Close	High	Low	Prev.
Mar	92.59	92.60	92.52	92.51
Jun	92.82	92.82	92.76	92.74
Sep	93.11	93.10	93.05	93.02
Dec	93.27	93.27	93.19	93.17

Estimated volume 5592 (9409)
Previous day's open int. 30577 (28873)

FT-SE 100 INDEX *
£25 per full index point

	Close	High	Low	Prev.
Mar	2567.0	2585.0	2550.0	2567.0
Jun	2602.0	2613.0	2600.0	2622.0
Sep	2633.0	2630.0	2630.0	2650.0

Estimated volume 8327 (7453)
Previous day's open int. 39906 (39647)

FT-SE EUROTRACK 100 INDEX
DM50 per full index point

	Close	High	Low	Prev.
Mar	1152.0			1152.0
Jun				

Estimated volume 0 (0)
Previous day's open int. 137 (137)

* Contracts traded on APT. Closing prices shown.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.8165	1.8071	1.7881	1.7627	1.7230

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Mar	101-19	101-25	101-13	101-10
Jun	100-16	100-19	100-09	100-06
Sep	99-16	99-16	99-09	99-04
Dec	97-20	-	-	98-06
Mar	97-20	97-20	97-20	97-11
Jun	-	-	-	96-18
Sep	-	-	-	95-27
Dec	-	-	-	95-06
Mar	-	-	-	94-18
Jun	-	-	-	93-31
Sep	-	-	-	93-13

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Mar	96.24	96.24	96.20	96.21
Jun	96.10	96.10	96.07	96.07
Sep	95.84	95.84	-	95.81
Dec	95.34	95.34	-	95.31
Mar	95.09	95.09	-	95.04

BRITISH POUND (IMM)
$ per £

	Latest	High	Low	Prev.
Mar	1.8060	1.8088	1.8046	1.8026
Jun	1.7780	1.7810	1.7780	1.7756
Sep	1.7550	1.7560	1.7550	1.7514

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Mar	0.7078	0.7083	0.7070	0.7056
Jun	0.7022	0.7027	0.7019	0.6999
Sep	-	-	-	0.6950

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Mar	0.7958	0.7961	0.7953	0.7952
Jun	0.7940	0.7945	0.7937	0.7935
Sep	0.7935	0.7935	-	0.7927
Dec	0.7940	0.7940	0.7940	0.7926

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Mar	0.6296	0.6309	0.6292	0.6280
Jun	0.6214	0.6226	0.6210	0.6200
Sep	0.6144	0.6144	-	0.6130
Dec	-	-	-	0.6069
Mar	-	-	-	0.6021

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Mar	95.90	95.92	95.89	95.88
Jun	95.70	95.71	95.69	95.67
Sep	95.38	95.39	95.36	95.34
Dec	94.74	94.75	94.71	94.70
Mar	94.44	94.45	94.40	94.38
Jun	93.92	93.93	93.88	93.86
Sep	93.44	93.45	93.38	93.38
Dec	92.85	92.85	92.81	92.80

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Mar	413.85	414.10	413.70	413.65
Jun	415.15	415.50	414.95	415.00
Sep	416.80	416.80	416.40	416.45
Dec	418.50	418.50	418.10	418.15

PHILADELPHIA SE £/$ OPTIONS
£31,250 (cents per £1)

Strike Price	Calls Feb	Calls Mar	Calls Apr	Calls Jun	Puts Feb	Puts Mar	Puts Apr	Puts Jun
1.725	8.95	9.06	9.28	9.57	0.05	0.68	1.45	3.20
1.750	6.56	7.02	7.28	7.75	0.15	1.19	2.14	4.17
1.775	4.29	5.12	5.52	6.27	0.46	1.82	3.01	5.32
1.800	2.45	3.54	4.06	4.96	1.18	2.89	4.17	6.47
1.825	1.16	2.41	2.93	3.87	2.53	4.28	5.59	8.17
1.850	0.50	1.55	2.10	2.98	4.64	5.95	7.26	9.85
1.875	0.14	0.94	1.43	2.30	6.20	7.81	9.07	11.47

Previous day's open int: Calls 325,566 Puts 396,765 (All currencies)
Previous day's volume: Calls 28,218 Puts 26,646 (All currencies)

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

	Open	Sett price	Change	High	Low	Yield	Open int.
March	108.08	108.18	+0.06	108.26	107.96	8.75	120,213
June	109.40	109.54	+0.10	109.56	109.36	8.56	26,939
September	109.54	109.68	+0.10	109.64	109.54	8.54	2,644

Estimated volume 125,076 Total Open Interest 149,790

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Sett price	Change	High	Low	Yield	Open int.
March	90.03	90.11	+0.06	90.11	90.03	9.95	23,713
June	90.45	90.54	+0.08	90.55	90.45	9.54	17,462
September	90.86	90.91	+0.04	90.91	90.85	9.13	8,449
December	91.19	91.24	+0.05	91.25	91.19	8.81	2,401

Estimated volume 16,457 Total Open Interest 52,025

CAC-40 FUTURES (MATIF) Stock Index

	Open	Sett price	Change	High	Low	Yield	Open int.
February	1880.0	1876.0	-3.0	1890.5	1869.0	-	9,382
March	1894.5	1890.5	-3.0	1903.5	1891.0	-	7,825
April	1900.0	1904.5	-3.5	1908.0	1900.0	-	0
June	-	1907.5	-3.5	-	-	-	5,490

Estimated volume 12,500 Total Open Interest 22,707

ECU BOND (MATIF)

	Open	Sett price	Change	High	Low	Yield	Open int.
March	100.40	100.52	+0.04	100.54	100.36	8.70	7,579

Estimated volume 4,495 Total Open Interest 7,579

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls September	Puts March	Puts June	Puts September
106	-	-	-	0.05	0.13	-
107	1.26	-	-	0.11	0.26	0.52
108	0.52	-	-	0.35	0.47	-
109	0.14	1.31	-	0.96	0.70	-
110	0.03	0.81	-	-	-	-
111	-	0.48	-	-	-	-
112	-	0.24	-	-	-	-
113	-	0.12	-	-	-	-
Open int.	119,290	51,416	8,195	113,467	41,363	2,576

Estimated volume 29,530 Total Open Interest 336,449

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Crédit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

	Gross	Net	Gross CAR	Int Cr
CAF Money Management Co Ltd				
48 Pembury Road, Tonbridge TN9 2JD 0732 770114				
Cafcash Deposit Fund	10.33	10.73	10.79	3 Mth
Deposits Over £1 million	10.43	10.84	10.90	3 Mth
Deposits Over £2 million	10.53	10.95	11.01	3 Mth
The COIF Charities Deposit Account				
2 Fore Street, London EC2Y 5AD 071-588 1815				
Deposit	10.45	-	10.87	3-Mth
Cent. Bd. of Fin. of Church of England‡				
2 Fore Street, London EC2Y 5AD 071-588 1815				
Deposit	10.45	-	10.87	3-Mth
Gartmore Money Management Ltd				
16-18 Monument St, London EC3R 8QQ 071-236 1425 / 071-236 0362				
TESSA Deal				
Call Fund	10.28	10.54	7.71	6-Mth
7-day Fund	10.35	10.61	7.76	6-Mth
Special Fund	10.06	10.53	7.54	1-Mth
Dollar	2.74	2.76	2.76	3-Mth
TESSA Prime	10.00	-	10.38	3-Mth
TESSA Plus	9.80	-	10.17	3-Mth
TESSA Saver	9.65	-	10.00	3-Mth

Money Market Bank Accounts

	Gross	Net	Gross CAR	Int Cr
AIB Bank High Interest Cheque Account				
Belmont Rd, Uxbridge UB8 1SA 0800 282115				
£2,500-£9,999	8.50	6.38	8.77	Qtr
£10,000+	9.25	6.94	9.57	Qtr
Aitken Hume Bank plc				
30 City Road, EC1Y 2AY 071-638 6070				
Treasury Acc	9.00	6.75	9.31	Qtr
Mth Int Chq £1,000-£4,999	9.00	6.75	9.38	Mth
Mth Int Chq £5,000-£49,999	9.50	7.125	9.92	Mth
Mth Int Chq £50,000+	10.00	7.50	10.47	Mth
Allied Trust Bank Ltd				
97-101 Cannon St, London EC4N 5AD 071-626 0879				
TOMNA (£2,001+)	10.90	8.18	11.46	Mth
QMNA (£2,001+)	10.50	7.88	11.02	Mth
HICA (£2,001+)	9.00	6.75	9.38	Mth
Premier TESSA	12.50	9.38	13.24	Yearly
American Express Bank Ltd				
Sussex House, Burgess Hill West Sussex, RH15 9AW 0444 239238				
High Performance Cheque Account				
Conventional				
£500-£999	3.50	2.63	3.56	Mth
£1,000-£4,999	8.50	6.38	8.84	Mth
£5,000-£9,999	8.70	6.53	9.06	Mth
£10,000-£24,999	9.10	6.83	9.49	Mth
£25,000-£49,999	9.30	6.98	9.71	Mth
£50,000-£99,999	9.50	7.13	9.92	Mth
£100,000+	9.70	7.28	10.14	Mth
Non-Conventional				
£500-£999	3.25	2.44	3.30	Mth
£1,000-£4,999	8.25	6.19	8.57	Mth
£5,000-£9,999	8.45	6.34	8.79	Mth
£10,000-£24,999	8.85	6.64	9.22	Mth
£25,000-£49,999	9.05	6.79	9.43	Mth
£50,000-£99,999	9.25	6.94	9.65	Mth
£100,000+	9.45	7.09	9.87	Mth
Bank of Ireland High Interest Cheque Acc				
36-40 High St, Slough SL1 1EL 0753 516516				
£10,000+	8.75	6.563	9.041	Qtr
£2,000-£9,999	8.50	6.375	8.775	Qtr
Bank of Scotland				
38 Threadneedle St, EC2P 2EH 071-601 6446				
[illegible] £2,500-£24,999	8.65	6.49	9.00	Mth
£25,000+	9.11	6.83	9.50	Mth
Barclays Select				
PO Box 120, Westwood Bs Pk, Coventry 0800 400100				
£2,000-£9,999	8.50	6.38	8.50	-
£10,000-£24,999	9.75	7.31	9.75	-
£25,000-£49,999	10.25	7.69	10.25	-
£50,000+	11.00	8.25	11.00	-
Barclays Prime Account H.I.C.A.				
PO Box 125, Northampton 0604 252891				
£1,000-£2,499	7.00	5.25	7.19	Qtr
£2,500-£9,999	7.70	5.78	7.93	Qtr
£10,000-£24,999	8.40	6.30	8.67	Qtr
£25,000+	8.75	6.56	9.04	Qtr
Benchmark Bank PLC Premier Account				
86 Newman Street, W1P 3LD 071-631 3313				
£2,500-£10,000	9.00	6.75	9.31	Qtr
£10,001-£20,000	9.25	6.9375	9.58	Qtr
£20,000+	10.00	7.50	10.38	Qtr
Brown Shipley & Co Ltd				
Founders Court, Lothbury, London EC2 071-606 9833				
HICA	9.125	6.84	9.36	Qtr
Prof Demand A/c	9.00	6.75	9.23	Qtr
Caledonian Bank Plc				
8 St Andrew Square, Edinburgh EH2 2PP 031-556 8235				
HICA	10.00	7.50	-	Yearly
Cater Allen Ltd				
20 Birchin Lane, London EC3V 9DJ 071-623 2070				
HICA	9.00	6.75	9.3807	Mth
Consort £5,000 min	9.75	7.3125	10.1977	Mth
TESSA	10.25	-	10.7455	Mth
Charterhouse Bank Limited				
1 Paternoster Row, EC4M 7DH 071-248 4000				
£2,500-£19,999	9.25	6.94	9.65	Mth
£20,000-£49,999	9.50	7.13	9.92	Mth
£50,000-£99,999	9.75	7.31	10.20	Mth
£100,000+	10.00	7.50	10.47	Mth
$5,000-$49,999	2.50	1.88	2.53	Mth
$50,000-$99,999	3.00	2.25	3.04	Mth
$100,000-$249,999	3.25	2.44	3.30	Mth
$250,000+	3.50	2.63	3.56	Mth
Many other currencies are available—for rates please phone ext. 2168				
Clydesdale Bank PLC				
30 St Vincent Place, Glasgow G1 2HL 041 248 7070				
£2,000-£24,999	8.25	6.19	8.51	Qtr
£25,000-£99,999	9.00	6.75	9.31	Qtr
£100,000+	9.50	7.13	9.84	Qtr
Co-operative Bank				
PO Box 300 Skelmersdale Lancs 0800 [illegible]				
TESSA	11.40	-	-	[illegible]
Investment 90 - 90 Day Notice Savings				
£50,000+	10.75	[illegible]	11.01	[illegible]
£25,000-£49,999	10.50	[illegible]	[illegible]	[illegible]
£10,000-£24,999	9.50	7.13	[illegible]	[illegible]
£5,000-£9,999	8.25	6.30	8.41	[illegible]
Pathfinder - Cash Based Current Account				
All Balances	10.00	7.50	10.50	[illegible]
The Tier - Instant Access Savings				
£50,000+	9.50	7.13	9.7	[illegible]
£10,000-£49,999	9.00	6.75	9.2	[illegible]
£5,000-£9,999	7.75	5.80	7.9	[illegible]
£1,000-£4,999	7.25	5.40	7.4	[illegible]
£1-£999	5.50	4.13	5.6	[illegible]
Ultra Interest Bearing Current Account				
£20,000+	8.00	6.00	8.30	[illegible]
£5,000-£19,999	6.00	4.50	6.1	[illegible]
£500-£4,999	2.50	1.88	2.5	[illegible]
£1-£499	2.00	1.50	2.0	[illegible]
Coutts & Co				
Reserve Account				
440 Strand London WC2R 0QS 071 753 [illegible]				
For personal customers				
£50,000+	9.125	6.84	9.44	Qtr
£20,000-£49,999	8.625	6.47	8.91	Qtr
£5,000-£19,999	8.125	6.09	8.38	Qtr
For businesses, charities and societies				
£100,000-£1,000,000	8.50	6.40	8.78	Qtr
£25,000-£99,999	8.25	6.19	8.51	Qtr
£10,000-£24,999	7.625	5.72	7.85	Qtr
Coutts Constable Account for private medical				
27 Bush Lane London EC4R 0AA 071-623 [illegible]				
[illegible]	10.25	-	-	-
Darlington & Co Ltd Investment HICA				
70 Prince St, Bristol BS1 4QD 0272 [illegible]				
£50,000-£1m	9.50	7.13	9.8	[illegible]
£25,000-£49,999	9.25	6.94	9.5	[illegible]
£5,000-£24,999	9.00	6.75	9.31	[illegible]
Financial & General Bank plc				
13 Lowndes Street, London SW1X 9EX 071 235 [illegible]				
H I D A £50,000	10.85	8.137	11 [illegible]	[illegible]
H I D A £10,000-£50,000	10.50	7.875	10 [illegible]	[illegible]
Gartmore Money Management Ltd				
16-18 Monument St London EC3R 8QQ 071 236 [illegible]				
HICA £10,000+	10.75	8.06	7.04	[illegible]
Halifax Bldg Soc Asset Reserve Cheque A/c				
Trinity Road, Halifax HX1 2RG 0422 [illegible]				
£5,000-£9,999	8.70	6.53	[illegible]	[illegible]
£10,000-£24,999	9.50	7.13	[illegible]	[illegible]
£25,000-£49,999	10.00	10.39	[illegible]	[illegible]
£50,000 and above	10.60	11.03	[illegible]	[illegible]
Julian Hodge Bank Ltd				
10 Windsor Place Cardiff CF1 3BX 0222 [illegible]				
6 Mth F. xed Rate Dep Acc	11.25	8.44	-	[illegible]
Extra High Interest Deposit Account				
£50,000+	11.00	8.25	11.46	[illegible]
£10,000+	10.75	8.06	11.19	[illegible]
£5,000+	10.25	7.69	10.65	[illegible]
Humberclyde Finance Group				
Chilley Ct, Winchester Rd, Basingstoke 0256 [illegible]				
£50,000+	10.50	7.88	10.82	[illegible]
Kleinwort Benson Ltd				
158 Kentish Town Rd London NW5 2BT 071 267 [illegible]				
H I C A £2,500+	9.50	7.125	9.925	Daily
Lloyds Bank - Investment Account				
71 Lombard St London EC3P 3BS 0272 433[illegible]				
£50,000 and above	10.40	7.80	10.40	Yearly
£25,000+	10.00	7.50	10.00	Yearly
£10,000+	9.80	7.35	9.80	Yearly
£5,000+	8.40	6.30	8.40	Yearly
Midland Bank plc				
PO Box 2, Sheffield 0742 [illegible]				
Exchequer Acc £5000+	9.75	7.31	10.00	[illegible]
£10,000+	10.12	7.59	[illegible]	[illegible]
£25,000+	10.44	7.83	[illegible]	[illegible]
£50,000+	10.71	8.03	11.00	[illegible]
TESSA	11.00	-	11.00	Yearly
NatWest Crown Reserve Account				
41 Lothbury London EC2P 2BP 071-[illegible]				
£25,000 and above	9.75	7.31	10.11	[illegible]
£10,000 to £24,999	9.50	7.13	9.84	[illegible]
£2,000-£9,999	9.125	6.84	9.44	[illegible]
Provincial Bank PLC				
30 Ashley Rd Altrincham Cheshire 061-[illegible]				
H I C A (£2,000+)	8.75	6.56	9.11	[illegible]
Royal Bank of Scotland plc Premium Acc				
42 St Andrew Sq, Edinburgh EH2 2YE 031-[illegible]				
£50,000+	9.50	7.13	9.84	Qtr
£25,000-£49,999	9.25	6.94	9.58	Qtr
£10,000-£24,999	8.75	6.56	9.04	Qtr
£2,500-£9,999	8.10	6.08	8.35	Qtr
Save & Prosper/Robert Fleming				
16-22 Western Rd Romford RM1 3LB 0800 [illegible]				
[illegible]	9.00	6.75	9.42	[illegible]
TESSA Fixed 1 Year	9.88	-	9.88	[illegible]
TESSA Variable	10.75	-	10.75	[illegible]
Sterling Bank & Trust Ltd				
Abbey Gdns, 4 Abbey St, Reading RG1 3BA 0734 [illegible]				
HIDA £2,500+	10.50	7.88	10.76	[illegible]
Tyndall & Co Ltd				
29-33 Princess Victoria St, Bristol 0272 [illegible]				
Demand Acc	09.25	6.94	09.58	[illegible]
HIMA	09.13	6.84	09.44	[illegible]
HIMA £100,000+	09.38	7.03	09.70	[illegible]
Master Plus	09.13	6.84	09.44	[illegible]
TESSA	09.88	-	10.35	[illegible]
United Dominions Trust Ltd				
PO Box 135, Abbey St, Reading RG1 3LB 0734 [illegible]				
Capital Plus Cheque Account				
£1,000+	9.90	7.43	10.29	[illegible]
J. Henry Schroder Wagg & Co Ltd				
120 Cheapside London EC2V 6DS 071-[illegible]				
Special Acc	9.75	10.00	7.31	[illegible]
£10,000 and above	10.00	10.38	7.50	[illegible]
Western Trust High Interest Cheque Acc				
The Moneycentre, Plymouth PL1 1SE 0752 [illegible]				
£15,000+	10.00	7.50	10.38	Qtr
£5,000-£14,999	9.75	7.31	10.11	Qtr
£1,000-£4,999	9.50	7.13	9.84	Qtr
Wimbledon & South West Finance PLC				
114 Newgate St, London EC1 7AE 071-[illegible]				
High Int Cheque Acc	10.50	7.88	11.00	Qtr

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate expressed to take account of compounding of interest paid other than once a year. Compounded Annual Rate. Int Cr: Frequency at which interest is credited to the account.

MONEY MARKETS

Paper chase

IT WAS a tight day in the money markets yesterday with assistance running slower than in recent sessions.

Overnight rates hit a high of 13 per cent although expectations that there would be enough paper around tomorrow to satisfy even the hungriest traders helped them fall back to more normal levels of 10½-¼ per cent by the close.

The key three-month interbank rate eased from Wednesday's close of 10¹¹⁄₁₆-⅝ to 10⅝-½ per cent. The March short sterling contract implied that there would be no change in UK base rate policy in the next few months, as it firmed a touch to 89.67 (89.66).

The Bank of England forecast a shortage of £1.75bn, due to seasonal government revenues. However, as expected, the Bank took a measured approach to injecting liquidity, giving the bulk of assistance late in the day. "It was like the 7th cavalry riding over the hill, coming in to rescue everyone," said one senior dealer.

The shortage was comprised of treasury bills and maturing assistance, which took £621m, and exchequer transactions, which drained £535m. Repurchase agreements called for £337m, while the rise in note circulation accounted for £105m. Bankers' balances were expected to be £55m below target.

In the morning, the Bank bought band one treasury and band three bank bills, and paper for resale on February 25 and 26 totalling £186m. The rates were between 10⅜ and 10⁷⁄₁₆ per cent.

The Bank said it expected to continue trading in band three paper during the government revenue period, which runs through March. Band three bills last longer than the bank's more traditional band one and two business.

The Bank eliminated all but £271m of the shortage in the afternoon with band one, two and three bill purchases totalling £1.29bn, at rates of between 10⅜ per cent and 10⁷⁄₁₆ per cent, and unspecified late assistance. Some £21m of the afternoon injection was marked for resale on February 25 and 26.

In Germany, call rates were quoted at 9.60/65 per cent, compared with Wednesday's 9.60/70 per cent. Traders expected call rates to firm in February.

In the US, the Federal Reserve did not act as funds were trading around the presumed target of 4 per cent. However, many expected a drain on funds today.

UK clearing bank base lending rate
10.5 per cent
from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb.6)	3 months US dollars		6 months US Dollars	
	bid 3⅞	offer 4⅛	bid 4⅛	offer 4¼

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6½	One month	4.07	Three year	5.48
Broker loan rate	6	Two month	3.92	Five year	6.35
Fed.funds	4	Three month	3.92	Seven year	6.75
Fed.funds at intervention	-	Six month	4.02	10-year	7.15
		One year	4.17	30-year	7.72
		Two year	5.04		

Feb.6	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.60-9.70	9.50-9.60	9.45-9.55	9.45-9.55	9.40-9.50	9.25
Paris	9⅞-10⅛	10-10¼	10-10¼	10-10¼	9⅞-10	9.60
Zurich	6¾-7¼	7½-7⅝	-	7½-7⅝	-	-
Amsterdam	9.43-9.56	9.58-9.66	-	9.54-9.62	-	-
Tokyo	5⅜-5⅞	5⅜-5½	-	5⅛-5⅝	-	-
Milan	11⅞-12⅛	12¼	-	12⅛	-	-
Brussels	9.43-9.56	9⅛-9⅝	-	9⅛-9⅝	-	-
Dublin	10⅛-10⅞	10⅛-10⅝	10⅝-10⅝	10⅝-10⅝	10⅝-10⅝	-

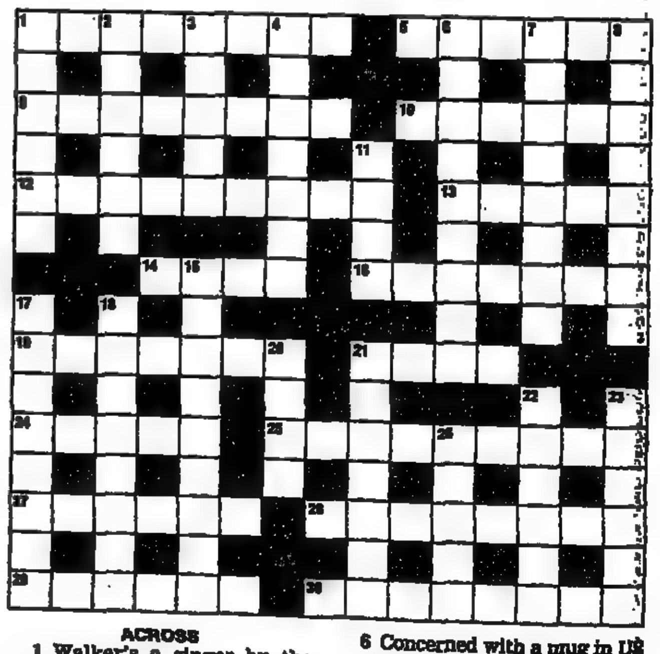
LONDON MONEY RATES

Feb 6	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	14	10⅝	10¾	10⅝	10⅝	10⅝
Interbank Bid	10½	10½	10⅝	10½	10½	10½
Sterling CDs	-	-	10⅝	10½	10½	10½
Local Authority Deps.	10⅝	10½	10⅝	10⅝	10⅝	10⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	11¼	10⅝	-	-	-	-
Company Deposits	-	-	10⅞	10¾	10⅝	10⅝
Finance House Deposits	-	-	10¾	10⅝	10⅝	10⅝
Treasury Bills (Buy)	-	-	10⅛	9⅞	9⅝	-
Bank Bills (Buy)	-	-	10⅛	9⅞	9⅝	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	4.03	4.02	4.08	4.43
SDR Linked Dep. Offer	-	-	6⅜	6⅜	6⅜	6⅜
SDR Linked Dep. Bid	-	-	6¼	6¼	6¼	6¼
ECU Linked Dep. Offer	-	-	10⅛	10⅛	10⅛	10⅛
ECU Linked Dep. Bid	-	-	10	10	10	10

Treasury Bills (sell): one-month 10⅛ per cent; three months 9⅞ per cent; six months 9½ per cent; Bank Bills (sell): one-month 10⅛ per cent; three months 9⅞ per cent; Treasury Bills: Average tender rate of discount 9.8765 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day January 31, 1992. Agreed rates for period Feb.26, 1992 to March 24, 1992, Scheme I: 11.75 p.c., Schemes II & III: 12.01 p.c. Reference rate for period Jan 1, 1992 to January 31, 1992, Scheme IV&V: 10.713 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from February 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5, 1991. Deposits withdrawn for cash 5 per cent.

CROSSWORD

No.7,767 Set by VIXEN



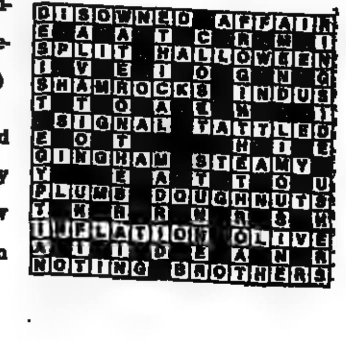
ACROSS

1 Walker's a singer by the way (8)
5 The graduate joining 11 is the least well covered (6)
9 Write in with directions about plagiarism (8)
10 Very advanced channel (6)
12 Get up behind time when put off (9)
13 Try some relish (5)
14 She's a little overemotional sometimes – melodramatic even (4)
16 Student getting a letter about the shower (7)
19 Pledge to change 21 dn (7)
21 The viewers have a point, certainly (4)
24 With German backing, one dunderhead is retiring (5)
25 Finding underworld boss asleep, may be upset (9)
27 The design of stylish holiday accommodation (6)
28 Sing to a number in peaceful surroundings (8)
29 Store's new range, right? (6)
30 The diversion of profits (8)

DOWN

1 They'll support high-minded pedestrian people (6)
2 Proceed with the summary (6)
3 The 16 on an old ship is slow (5)
4 The cause of recession in the main (3-4)
6 Concerned with a mug in US military command (5,4)
7 Carol's after regular service (8)
8 Deter the settled or restrained (8)
11 The others are idle (4)
15 Sound choreography! (4-5)
17 Catching without money so provoking (8)
18 Porter wrongly admitting a member earlier (8)
20 The fuss will be over about the beginning of December (2-2)
21 Oriental form of 19 (7)
22 "13!" the mate scoffed (6)
23 Due to leave (6)
26 Vassal putting a misleading story about for example (5)

Solution to Puzzle No.7,766



WORLD STOCK MARKETS

CANADA

TORONTO

3:00 pm prices February 6

INDICES

NEW YORK

DOW JONES	Feb 5	Feb 4	Feb 3	Jan 31	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
ϕIndustrials	3257.60	3272.81	3234.12	3223.39	3272.81 (4/2)	3172.41 (2/1)	3272.81 (4/2/92)	41.22 (2/7/32)
Home Bonds	99.49	99.11	98.77	98.98	99.61 (17/1)	98.77 (3/2)	99.61 (17/1/92)	54.99 (1/10/81)
Transport	1383.41	1368.27	1362.48	1394.26	1445.81 (16/1)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	207.75	209.00	208.88	210.38	225.59 (3/1)	207.75 (5/2)	236.23 (2/1/90)	10.50 (8/4/32)

ϕDay's High 3299.87 (3283.09) Low 3233.68 (3208.63)

STANDARD AND POOR'S

	Feb 5	Feb 4	Feb 3	Jan 31	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	413.84	413.85	409.53	408.78	420.77 (15/1)	408.78 (31/1)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	492.88	492.64	486.98	485.57	499.27 (15/1)	485.57 (31/1)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.20	34.19	33.70	33.53	35.14 (15/1)	33.53 (31/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	228.87	228.79	226.61	226.20	231.85 (15/1)	226.20 (31/1)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	415.24	413.68	411.32	411.37	415.35 (20/1)	395.51 (2/1)	415.33 (20/1/92)	29.31 (9/12/72)
NASDAQ Composite	636.97	631.00	623.43	620.21	636.97 (5/2)	586.45 (2/1)	636.97 (5/2/92)	54.87 (31/10/72)

	Jan 31	Jan 24	Jan 17	year ago (approx.)
Dow Industrial Div. Yield	2.86	2.87	2.83	3.70

	Jan 29	Jan 22	Jan 15	year ago (approx.)
S & P Industrial div. yield	2.59	2.53	2.52	3.20
S & P Indl. P/E ratio	25.10	25.60	25.76	16.58

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Fed Dept.	6,662,100	17¼	.....
East. Kodak	5,819,500	46½	- 4¼
Citicorp	4,901,400	15⅞	+ ½
Acuson	4,268,900	22⅞	- 8
RJR Nabisco	4,200,700	10⅞	+ ⅛
Nat Semi	4,046,700	9⅞	+ ⅞
Pac Ent.	3,171,300	18⅞	- 6
Frpt-Mcm Res	3,071,900	22⅞	+ ⅛
Adv Micro	2,759,900	21¼	+ ⅛
Unisys	2,745,300	8¼	+ ⅛

TRADING ACTIVITY

† Volume (Millions)	Feb 5	Feb 4	Feb 3
New York SE	261.960	251.490	182.130
Amex	19.345	19.987	18.589
NASDAQ	226.149	226.149	194.607
NYSE			
Issues Traded	2,195	2,195	2,212
Rises	959	1,104	914
Falls	747	611	803
Unchanged	489	480	495
New Highs	154	118	84
New Lows	13	7	9

CANADA

TORONTO	Feb 5	Feb 4	Feb 3	Jan 31	1992 HIGH	1992 LOW
Metals & Minerals	2984.43	3033.86	3029.84	3017.05	3238.87 (16/1)	2935.22 (2/1)
Composite	3605.92	3618.07	3594.40	3596.12	3666.00 (16/1)	3493.66 (2/1)
MONTREAL Portfolio	1885.25	1896.10	1887.57	1884.47	1937.59 (16/1)	1856.55 (2/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Feb 6	Feb 5	Feb 4	Feb 3	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1594.6	1602.9	1600.3	1611.3	1675.60 (15/1)	1594.60 (6/2)
All Mining (1/1/80)	673.7	678.2	675.8	682.8	703.50 (20/1)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	428.09	427.42	423.49	425.27	428.09 (6/2)	372.24 (2/1)
Traded Index (2/1/91)	1023.17	1020.89	1009.20	1014.01	1023.17 (6/2)	901.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	1172.78	1170.82	1170.57	1177.82	1183.78 (28/1)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	361.41	362.24	362.43	361.88	365.29 (15/1)	354.37 (2/1)
FINLAND						
HEX General (28/12/90)	884.0	884.3	888.4	889.0	894.50 (16/1)	779.00 (2/1)
FRANCE						
CAC General (31/12/82)	502.46	501.55	499.23	503.46	508.41 (29/1)	475.53 (2/1)
CAC 40 (31/12/87)	1860.61	1863.79	1856.48	1856.98	1890.60 (28/1)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	689.15	687.16	683.73	688.68	689.15 (6/2)	643.26 (8/1)
Commerzbank (1/12/53)	1949.2	1943.10	1933.90	1949.5	1949.50 (3/2)	1813.80 (8/1)
DAX (30/12/87)	1681.13	1686.62	1676.40	1689.01	1689.01 (3/2)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	(c)	(c)	(c)	4672.09	4672.09 (3/2)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1448.36	1452.36	1451.83	1456.93	1469.57 (17/1)	1391.49 (8/1)
ITALY						
Banca Com. Ital. (1972)	551.59	550.71	545.26	544.69	551.59 (6/2)	507.43 (2/1)
MIB General (2/1/87)	1085.0	1086.0	1076.0	1074.0	1086.00 (5/2)	981.00 (2/1)
JAPAN						
Nikkei (16/5/49)	22104.92	21936.37†	21999.60	22139.59	23801.18 (6/1)	20858.30 (21/1)
Tokyo SE (Topix) (4/1/68)	1631.25	1626.05	1628.86	1632.62	1763.43 (6/1)	1549.43 (21/1)
2nd Section (4/1/68)	2450.17	2429.83	2410.39	2389.45	2459.85 (6/1)	2283.71 (28/1)
MALAYSIA						
KLSE Composite (4/4/86)	575.81	(c)	(c)	(c)	575.81 (6/2)	546.63 (14/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	287.6	287.3	287.0	287.5	289.10 (21/1)	274.00 (8/1)
CBS All Shr (End 1983)	202.0	201.8	201.6	201.9	203.00 (21/1)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	710.38	716.15	713.19	710.42	748.03 (17/1)	678.99 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	1252.37	1246.87	1261.94	1267.28	1303.30 (17/1)	1172.78 (2/1)
SINGAPORE						
SES All-Singapore (2/4/75)	414.59	(c)	(c)	412.02	416.99 (21/1)	401.19 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1299.0	1270.0	1260.0	1275.0	1327.00 (21/1)	1119.00 (2/1)
JSE Industrial (28/9/78)	4469.0	4436.0	4407.0	4408.0	4535.00 (15/1)	4169.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	690.84	(c)	691.37	(c)	691.37 (1/2)	604.63 (15/1)
SPAIN						
Madrid SE (30/12/85)	256.61	257.42	257.15	255.42	258.50 (15/1)	238.93 (2/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	968.8	978.3	969.6	962.7	989.20 (20/1)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	782.6	778.5	775.2	775.1	782.60 (6/2)	748.50 (8/1)
SBC General (1/4/87)	631.1	629.2	626.9	627.4	631.70 (27/1)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	(c)	(c)	(c)	(c)	5391.63 (30/1)	4692.17 (6/1)
THAILAND						
Bangkok SET (30/4/75)	771.09	763.41	769.72	767.19	781.63 (24/1)	711.81 (3/1)
WORLD						
M.S. Capital Intl.(1/1/70) (S)	528.6*	527.7	527.0	525.3	542.10 (7/1)	520.10 (13/1)
Euro Top-100 (26/6/90)	916.50	919.14	915.50	915.70	923.01 (28/1)	870.31 (2/1)

**Saturday February 1: Taiwan Weighted Price: (c). Korea Comp Ex. 691.37.
& Subject to official recalculation. † Correction. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500, (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday 6 February 1992

	Stocks Traded	Closing Prices	Change on day
Hitachi	4.2m	905	-35
Nippon TV	3.6m	20,900	+500
Kubota	3.4m	808	-17
Shizuoka Bank	3.2m	1,230	+10
Toshiba	2.5m	644	+5
Mitsubishi Mat	2.4m	538	+8
Nippon Steel	2.3m	380	-1
All Nippon Air	2.1m	1,280	+10
Tsugami	1.9m	708	+16
Showa Highpoly	1.9m	1,150	-10

3:00 pm prices February 6

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15	12¾	AAR Corp x	0.48	3.2	16	566	u15¼	14⅞	15	+⅛
25	22½	A L Labs A	0.16	0.7	25	135	23¼	23¼	23⅜	−⅛
66¼	58⅛	AMP Inc x	1.62	2.4	25	989	63	62¼	62¼	−⅛
75½	68⅞	AMR				252747	74½	72⅞	73	−⅛
2⅝	1⅝	ARX			2	75	u2⅝	2¼	2¼	
63½	46¼	ASA	3.00	5.6	15	646	u63½	62⅞	63⅛	+⅛
68⅝	60¼	Abbott Lab	1.00	1.5	25	4254	66⅞	65⅞	65½	−½
13¼	12⅛	Abitibi Pr	0.50	3.9	17	4	12⅞	12¾	12⅞	
11⅝	10½	ACM Gvt In x	0.96	9.1		406	10⅝	d10½	10½	
10⅜	9⅛	ACM GvOpp x	0.80	8.5		666	9½	d9⅛	9⅜	+⅛
9½	8¾	ACM Gvt Sp x	1.01	11.5		804	8⅞	d8⅝	8¾	−⅛
11¼	10½	ACM Gvt Se x	1.26	12.3		962	10⅝	10¼	10⅝	
9⅞	8⅝	ACM Man x	0.95	10.6		701	9	8⅞	9	+⅛
12⅞	12	ACM Manage x	1.08	9.0		662	12⅛	d11⅞	12	
10⅛	7	Acme Cleve x	0.40	4.1	16	178	u10⅛	9¾	9¾	−⅛
5⅛	4½	Acme Elect			3	13	4¾	4⅝	4⅝	
33¼	21½	Acuson			16	1800	24¼	23¼	23¼	+½
19⅞	18½	Adams Expr x	0.48	2.5	0	27	19	18⅞	19	+⅛
15¼	13	Adobe12Pf	2.40	16.8		4	14¼	14¼	14¼	
5⅛	4½	Adobe Res			61	54	5⅛	5	5⅛	
49	42¼	Ad Micro				186	u49¼	48	48	−¼
21½	17⅞	Ad Micro P	3.00	14.7	13	1119	21⅛	20⅞	20⅞	−1
7	5	Advest Grp	0.16	2.7	25	478	6⅛	6	6	−⅛
45¾	39	Aetna Lf x	2.76	6.8		82518	41¼	40⅞	40⅞	−⅜
11⅝	8¾	AGll A x	0.24	2.2	97	1335	u11⅛	10½	10¾	−⅛
32⅞	29⅞	Aflac x	0.40	1.3	17	1305	31¼	31	31	−⅛
17¾	15⅝	Ahmanson x	0.88	4.9		83308	u18⅛	17½	18	+⅞
22½	17½	Aileen Inc			18	905	22	21¾	21¾	−⅛
83⅜	72⅞	Air Pr Chm	0.80	1.0	18	741	79⅛	78¼	78¼	−¾
28¼	23⅝	Airbne Frt	0.30	1.0	20	342	u28⅞	28¼	28⅝	+⅛
24⅞	22⅝	Airgas Inc			18	142	24½	23⅞	24½	+½
11¼	8½	Airlease	1.64	15.1	6	42	11	10⅞	10⅞	−⅛
103½	99½	AlaPw8.16 x	8.16	8.0		z100	103	103	101½	−1½
25⅛	21⅞	AlaPw PfA	2.00	8.0		11	u25⅛	25⅛	25⅛	
107	104	AlaPw9.44 x	9.44	8.8		2	105½	105½	107	
106	102⅝	Ala Pw 11				2	104	104	104	
105	102½	Ala Pw 9P x	9.00	8.8		4	103½	103½	105	+1½
105	100¼	Ala 8.28C x	8.28	8.0		z100	104	104	104	
10⅞	10½	AlaPwDpPf x	0.87	8.1		27	u10⅞	10⅝	10⅜	
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NYSE COMPOSITE PRICES

Continued from previous page

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close	Ch'ge
81½	58⅛	Xerox x	3.00	3.7		162979	u81⅞	80⅛	81⅛	+⅛
53⅞	50½	Xerox4.125 x				2100	53	53	53⅛	
27	24⅞	Xtra 1.94 x	1.94	7.8		129	25⅛	25⅛	25½	−⅛
33	28½	Xtra Corp x	0.80	2.4	14	643	u33¼	32⅝	33¼	+½
27	25¼	Yankee Egy	1.50	6.0	15	25	25⅝	25½	25⅝	+⅛
⅝	⅜	Zapata				871258	u⅝	½	⅝	
9⅝	7⅜	ZenithElec			3	626	9⅛	9	9⅛	
16⅞	15¼	Zenith Nat x	1.00	6.1	137	10	16½	16½	16½	
6⅝	6	Zenix Inc	0.84	13.2		78	u6⅝	6⅜	6⅜	−⅛
12⅝	11⅛	Zero Corp x	0.40	3.2	19	82	u12⅝	12⅛	12½	+⅛
38	34⅞	Zurn Ind x	0.88	2.5	15	472	35⅞	35⅛	35⅛	
14⅛	13½	Zweig Fund	1.16	8.5		139	13⅞	d13½	13⅞	
11	10⅝	Zweig Totl x	0.96	8.9		1205	10⅞	10⅝	10⅝	

Price data supplied by Telekurs.

Owing to problems at Telekurs, some North American prices are temporarily being marked ex-dividend early.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are *annual disbursements based on the latest declaration.* Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, *estimated cash value on ex-dividend or ex-distribution date.* u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices February 6

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
Oil Corp	0.14	8	597	8⅛	7¾	7⅞	−⅛
Pall Corp	0.36	35	587	30½	29⅞	30⅜	+½
Pegasus G	0.10	8	316	12⅞	12¾	12⅞	+⅛
Perini		9	19	14	13¾	13⅞	
Pet HtsP	0.31	8	10	11⅞	11⅞	11⅞	
Phil LD	0.18	15	200	36¼	35⅞	35⅞	−⅛
Pitway A x	1.10	12	29	u29⅞	28⅞	29	+⅛
Ply Gem x	0.12	104	65	u12	11½	11½	−½
PMC	0.62	15	45	10	9⅝	9⅝	−⅛
FstCityBnc	0.05	11	20	7⅝	7⅝	7⅝	
Fluke (J)	0.48	12	15	27⅝	27¼	27⅝	+⅛
Forest La		35	537	39	38½	38⅝	−⅛
Frequency		7	5	4⅞	4⅞	5	+⅛
Fr nLoom		25	6357	u32⅛	31⅞	32	+1⅛
FstAust	1.06		133	u9⅞	9⅞	9⅞	+⅛
Giant FdA x	0.66	12	580	24⅝	24¼	24⅛	−⅛
Glatfltr	1.20	16	11	57¾	57¼	57⅝	−⅛
Goldfield		7	29	u⅝	½	⅝	
Greenman		32	280	5⅛	4⅞	5⅛	+⅛
GRI Corp		2	104	⅝	⅝	⅝	−⅛
Gulf Cda	0.40	154	138	4⅞	d4⅝	4⅝	−⅛
Moog A		6	301	6⅞	6⅞	6⅞	
MSR Expl		2	92	⅞	d⅞	⅞	
Nabors		14	103	8½	8¼	8⅜	
Nat Pmt		2	250	5⅛	4⅞	4⅞	
New Line		21	380	16½	16⅜	16⅜	+⅛
NY TimesA	0.56	86	1981	28	27¾	27⅞	−⅛
NthCanOil	0.18	437	3	8⅞	8⅞	8⅞	
Numac Oil		97	4	4⅞	d4⅞	4⅞	
NV Ryan		0	431	1⅝	1½	1½	−⅛
Odetics A		48	12	6⅞	6¾	6⅞	
Oiston	0.24	43	84	29¼	28⅝	28⅞	−⅛
US Cellul		36	31	22⅞	22¼	22¼	−⅛
Vivigen		39	37	16½	16¼	16⅜	+⅛
WangLab C		1	5	6⅞	6½	6⅞	+⅛
WangLab B		1	1252	3½	3⅜	3½	+⅛
Westherfd		31	1286	4¾	4⅝	4⅝	−⅛
Wesbmar x	0.48	8	4	19⅛	d18⅞	19⅛	
WIRET	1.29	13	84	13½	13⅜	13⅜	
Worthen		9	50	19⅛	19	19⅛	+⅛
Xytronix		22	458	16⅞	15⅞	16½	+½

NASDAQ NATIONAL MARKET

3:00 pm prices February 6

Stock	Div.	P/ E	Sls 100s	High	Low	Last	Chng
Vicor		84	2813	42½	41	41½	−⅛
VicorpRst		33	86	u24½	24	24½	+½
Vitalink		16	39	10⅝	10¼	10⅝	
VLSI Tech		24	1373	9⅝	9⅛	9⅛	+⅛
Volvo B	2.13	16	23	68½	67⅛	67¼	−⅞
- W -							
Warner En	0.18	19	159	32¼	31⅜	32⅛	
Warmnegh		79	654	u3⅞	3⅞	3⅞	+⅛
WashHGFS r	0.80	5	609	31	30¼	30⅝	
WshEnrgy x	1.40	16	98	22¼	21⅞	22¼	
WashFedSL	0.80	15	511	u42⅛	41	41⅞	−½
WashMutA x	0.39	21	57	53½	52	52½	+½
Wausau Pa	0.15	23	134	53½	52	53⅛	+1½
WD − 40	1.72	15	181	u35½	34⅞	35	+⅛
Weitek		20	195	5⅞	5⅝	5⅞	
West One x	1.04	11	282	34½	33½	33⅞	+⅛
WstnPubl		58	601	18⅞	18½	18⅞	+⅛
Westmark		33	1575	56¼	52¼	54¼	+2
WestnCoal x	0.32	10	26	18	17	17	
Wst SealA		37	46	u13⅞	13¼	13⅛	
Wetterau	0.88	10	1600	23⅛	d22	22	−⅞
Wicat Sys		54	165	2⅞	2⅝	2⅞	−⅛
Willmette	1.80	43	1207	u79½	78½	78½	−⅛
WmSonoma		26	812	18½	d17⅛	18⅛	+⅛
Wiser Oil	0.40	20	158	14⅛	13⅞	14	−⅛
Wolohan L x	0.28	13	969	20	19½	19⅞	−⅛
Wolv Expl		0	726	⅞	⅝	⅞	+⅛
WrExWDA			2	u⅛	⅛	⅛	+⅛
Wthington	0.44	30	386	24⅛	23⅞	24⅛	+⅛
WPP Group	1.11	1	584	1⅛	1⅛	1⅛	−⅛
Wyman-Gdn	0.40	14	3278	u6⅛	5⅛	5⅛	−⅛
- X - Y - Z -							
Xilinx		29	856	29¼	28¼	28¼	−⅛
Xoma Corp		13	2788	24¼	23½	23½	−⅞
Yellow Fr x	0.94	29	1035	28⅝	28	28	−⅞
York Rsch		57	952	7	6¾	6⅞	−⅛
ZionsUtah	1.44	9	92	u47½	46	46⅝	+⅛

FINANCIAL TIMES Friday February 7 1992

AMERICA

Retailers post gains as Dow trades in mid range

Wall Street

The secondary market continued to rally yesterday morning, but primary stocks dithered in a narrowly mixed range in the absence of any significant economic news, *writes Karen Zagor in New York.*

At 1.30 pm, the Dow Jones Industrial Average was 4.92 lower at 3,252.68 in moderate volume. Big board advancing issues led declines by a ratio of nine to seven. The Nasdaq composite, however, was 2.12 higher at 639.09 at mid-session, adding to its record closes on Wednesday and Tuesday. On Wednesday, the Dow closed at 3,257.60, down 15.21.

Among featured issues, Owens-Corning surged $5⅞ to $34⅝ after the newly-appointed chairman of the fibreglass group said that the company had taken a non-cash charge of $800m against fourth quarter earnings to cover future asbestos claims.

Marriott, the US hotel chain, added $⅜ to $18⅛ after turning in fourth quarter earnings of 25 cents a share compared with a loss of 57 cents a year earlier.

Strong chain store sales figures for January helped a number of retailers post gains yesterday morning. Wal-Mart firmed $⅛ to $55⅛, Sears by $1⅛ to $43⅝, JC Penney by $1⅞ to $59¼ and May Department Stores by $⅜ to $57⅞.

In the oil services sector, Dresser Industries rose $1 to $20⅜ in active trading after it company announced plans to spin-off its industrial and mining equipment divisions to shareholders.

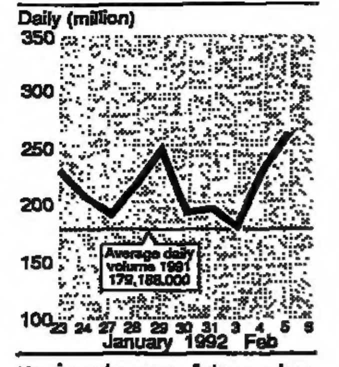
Transportation stocks continued to firm, with the Dow Jones Transportation Index adding 6.72 to 1,390.13 at 1 pm after a gain of 15.14 on Wednesday. Shares in Continental Air were halted at mid-day on the American Stock Exchange after the company filed a reorganisation plan and announced plans to issue new stock to unsecured creditors.

Goodyear Tire & Rubber, the last of the big US-owned tyre makers, edged $⅛ lower to $62⅛ as the market registered its ambivalence to the company's plans to increase its national advertising spending.

Eastman Kodak, which led the Dow lower on Wednesday when it dropped $4¼ on the back of its fourth quarter loss, added $⅛ to $46⅝ yesterday morning in active trading.

The Caracas general index dropped 6.3 per cent yesterday in the Venezuelan market's first session since a failed military coup last Tuesday. In London, Latin American Securities noted that some of the liquid stocks were more resilient.

NYSE volume



Canada

TORONTO traded cautiously in midsession awaiting the announcement of the Bank of Canada's key rate. The TSE 300 composite index rose 7.4 to 3,613.2.

Mitel Corp topped the most active list, rising 25 cents or 20 per cent to C$1.49 in volume of 1.56m shares.

Reforms help Bombay climb to new peak

The market has welcomed the repeal of a ban on foreign companies, says **R.C. Murthy**

After a brief pause earlier this week, the Bombay bourse has continued the extraordinary bull run which started in January, and yesterday achieved its second record high in less than a week.

Speculative buying had pushed share prices to a 1992 peak last Friday, prompting the stock exchange authorities to intervene on Monday, with a package of measures to cool the overheated equity market.

The Bombay Stock Exchange (BSE), India's largest with three-quarters of national trading, banned forward deals in the 86 most actively traded shares, except in the case of squaring outstanding positions. Quantitative restrictions were imposed on brokers on purchases in the remaining 600 stocks.

But the effect of these restrictions appeared to be short-lived. After reaching a record high of 2,302.54 last Friday, a rise of 17.6 per cent from the start of the year, the 30-share BSE index fell 29.73 on Monday in response to the trading restrictions. The index has since recovered, reaching its new record yesterday and closing 20.93 up at 2,309.36 on renewed speculative buying.

The impetus for Bombay's bull run has come mainly from the continuing industrial and trade reforms started last July by the minority government headed by Mr PV Narasimha Rao, who is governing by consensus, and the more recent decision to open up the economy to foreign investment.

Its most recent surge, last week, was fuelled by two important events. The Reserve Bank of India, the central bank, lifted a 10-year ban on foreign companies opening branches in India, which will allow them to compete with domestic companies. This will enable, for instance, Coca-Cola, which had been ordered out, to return to India and sell its branded soft drinks. Analysts say that the lifting of the ban is expected to allow foreign companies already listed on the BSE to increase their earnings and could encourage more foreign companies to seek a listing.

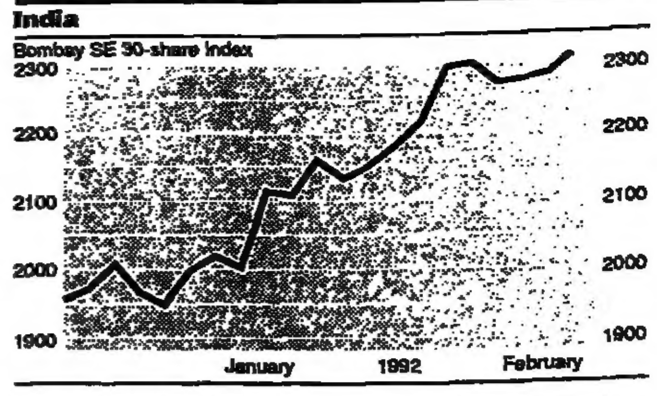
This optimism was reflected in a rise in share values of foreign companies. Nestlé has risen to Rs275 from Rs220 in a fortnight, Ponds India, a Unilever affiliate, to Rs460 from Rs330 and Mico, a Bosch affiliate, to Rs2,250 from Rs1,900.

Also, New Delhi ended the uncertainty of the past three years by giving statutory backing to the Securities and Exchange Board of India to regulate the capital markets.

The optimism of traders has also been supported by buying in ACC, India's largest cement group, and Apollo Tyres by a fast-growing portfolio manager, Growmore Finances Services. The BSE recently asked the youthful Mr Harshad Mehta, who heads Growmore, to explain why he was buying shares in these two companies.

He replied that all of the purchases, which began a year ago when ACC was quoted at Rs600 and Apollo Tyres at Rs70, have been for investment purposes only, and that Growmore has no takeover ambitions. Yesterday, Apollo Tyres and ACC closed at Rs252.50 and Rs4,525 respectively.

India



Growmore's Apollo share purchases raised eyebrows in the market, since the Indian automobile industry is in recession. But Mr Mehta has his own logic: Apollo also caters to the replacement tyre market.

The present boom is not based on fundamentals, analysts say. It hangs precariously on hopes of rich rewards five years hence when the restructured Indian economy should be set on an export-led growth path.

The traders are bullish and many new capital issues are expected to flood the market this month, ignoring pre-budget blues. But the finance minister Mr Manmohan Singh has warned that he is likely to unveil a harsh budget on February 29.

The government is committed to the International Monetary Fund to cut the fiscal deficit to 5 per cent of GDP next year from 6.5 per cent this year as part of the stabilisation programme. If Mr Singh prefers a heavy dose of taxes to a cut in capital expenditure, traders' hopes for a soft budget will be disappointed.

ASIA PACIFIC

Nikkei rebounds on improved sentiment

INVESTORS were encouraged by the announcement late on Wednesday by the Osaka Stock Exchange (OSE) of measures to enhance transparency in the derivatives market, and the Nikkei average rebounded after declining for two consecutive days, *writes Emiko Terazono in Tokyo.*

The 225-issue average gained 168.55 to 22,104.92, helped by arbitraged-related buying after a rise in futures prices. The index opened at the day's low of 21,975.05 and rose to the day's high of 22,284.80 in the morning session, but later eased back towards the close.

Volume was steady at 200m shares. Advances led declines by 626 to 347, with 156 issues remaining unchanged. The Topix index of all first section stocks rose 5.20 to 1,631.25 and in London, the ISE/Nikkei 50 index rose 4.96 to 1,250.97.

Traders said that the OSE's announcement improved sentiment. The OSE said that trading by brokers of futures and options contracts would be disclosed, and trading hours for futures would be shortened by 10 minutes. Option contracts, currently exercised once a week, will be exercised once a month, starting with the June contract.

"Changing the rules may affect liquidity and increase the volatility in the market, but some investors were relieved that the authorities showed that they cared," said Mr Peter Johnson at Baring Securities.

The recent overt expressions by the ruling Liberal Democratic Party for support of the sluggish stock market have soothed investors' worries that authorities were unsympathetic. Nippon Telegraph and Telephone rose Y35,000 to Y750,000 on rumours that the government may include measures to support the NTT share price in its effort to support the overall market.

Investors sought cyclical stocks. Electric furnace steelmakers advanced with Tokyo Steel Mfg up Y50 to Y2,640 and Tokyo Tekko rising Y20 to Y1,590. Machineries were also favoured with Rheon Automatic Machinery up Y110 to Y1,540.

Heavy electricals fell sharply on downward revisions of earnings expectations by leading Japanese brokerages. Projections that the recovery of the semiconductor market may be delayed also prompted selling. Hitachi, the most active issue of the day, fell Y25 to Y903 and Kyocera lost Y90 to Y4,350.

Short-term trading lifted biotechnology related stocks. Meiji Milk Products rose Y22 to Y909 and Okamoto Industries, the prophylactic maker, advanced Y14 to Y933.

In Osaka, the OSE average gained 139.10 to 23,728.57 in volume of 101.8m shares. Bargain-hunting by individuals supported the index. Turnover once again topped 100m shares due to heavy cross-trading by financial institutions looking to lock in profits ahead of the March book-closing.

Roundup

The Pacific Rim was mixed as many bourses re-opened after the Chinese New Year. Hong Kong, Taiwan and New Zealand were closed.

AUSTRALIA saw two large portfolios of programme trading coming out of Japan, which accounted for 30 per cent of turnover. The All Ordinaries index fell 8.3 to 1,594.6 in turnover of A$228m (A$302m).

Coles Myer, the retailer, continued its decline, shedding 18 cents to A$11.38, while CSR, the building and sugar group, fell 4 cents to A$4.72 after announcing an asset write-down on Wednesday.

The banking sector was mixed, with Westpac putting on 4 cents to A$4.22. It announced that it was issuing 78m new shares to the Australian Mutual Provident Society, raising the latter's stake to 15 per cent from 10 per cent. National Australia rose 2 cents to A$7.50 and Commonwealth shed 7 cents to A$7.05.

News Corp gained 42 cents to A$15.00 on the back of good trading in New York. Its half-year results are due next Wednesday.

MANILA firmed in narrow trading: the composite index up 5.50 to 1,252.37. Political uncertainty ahead of the May elections is keeping some investors out of the market. Turnover fell to 165m pesos (255m). Philippine Long Distance Telephone rose 25 pesos to 915.00 on a strong showing in the US.

SEOUL fell on profit-taking. The composite index slipped 0.53 to 690.64 in turnover of Won509bn. The manufacturing sector was broadly down: Lucky fell Won400 to Won18,500.

KUALA LUMPUR rose on bargain hunting and index-linked buying. The composite index put on 5.17 to 576.81 in volume of 28.6m shares. Kedah Cement was actively traded, rising 10 cents to M$2.77. Motor stocks also firmed after the government said it would reconsider a ruling which would raise the tax on four-wheel drive vehicles.

SINGAPORE was quiet as late profit-taking pulled prices down: the Straits Times Industrial Index rose 4.88 to 1,530.86 in volume of 36.08m.

BANGKOK was active in property after Wednesday's new issue of Bangkok Land shares: it rose Bt15 to Bt169.00 in turnover of Bt1.75bn. The SET index gained 7.68 to 771.09 in turnover of Bt7.64bn.

JAKARTA fell in active trading, the official index down 1.40 to 287.06 in volume of 16.6m shares. Inco, the nickel company, put on Rp50 to Rp8,950

EUROPE

Michelin extends advance as Paris bourse recovers

SECOND THOUGHTS came to the rescue of the Paris bourse yesterday, but they had the reverse effect in Frankfurt, *writes Our Markets Staff.*

PARIS recovered from a midday slump which was blamed on the dollar's weakness and the impact of a sell programme on a thin market. The CAC 40 index fell as low as 1,853.95 before closing 5.18 down at 1,860.61 in turnover of FFr2bn.

The tyre maker Michelin continued to advance, putting on FFr7 or 4.5 per cent to FFr164 with 164,890 shares traded. One analyst said that Goodyear's recent forecast that it would return to the black this year was encouraging investors to buy, but he added that the stock was looking overbought.

Paribas added FFr11.30 or 3.1 per cent to FFr371.50 with 188,290 shares traded, on heavy buying by two domestic brokers. There were also unconfirmed reports that Goldman Sachs had downgraded its earnings for Bancaire, pushing it down by FFr10 to FFr495.

FRANKFURT broke up through 1,700 on the DAX index for an intraday peak of 1,702.69, but then dropped more than 20 points to close 5.49 lower at 1,681.13, after a 1.99 rise to 689.15 in the FAZ at midsession.

The early rise was a traders' initiative, and prices soon lost ground after orders failed to follow. In the aftermath of the steel pay settlement, the emphasis switched to its inflationary consequences, and the prospect of a more extended period of high interest rates; and car shares, which had risen on the absence of a strike threat, fell on reports that Daimler's Mercedes unit was reviewing methods of cutting production this year, due to a slump in the US market.

Volume rose from DM7bn to DM8bn. Daimler and Volkswagen both fell DM5.50, to DM744.50 and DM337 respectively. However, the market extended its appreciation of construction stocks, where Hochtief's good orders took the shares up another DM14 to DM1,199, and Philipp Holzmann by DM15 to DM1,165. Retailers, similarly, extended Wednesday's gains on hopes of higher 1992 consumer spending, with Karstadt DM5.50 higher at DM631.50 and Kaufhof DM6 higher at DM478.

MILAN saw interest in banks and insurers. The Comit index rose 0.88 to 551.59 in turnover estimated at close to Wednesday's L149bn.

Generali rose L290 to L31,190 while its subsidiary Alleanza added L120 to L12,770. Ambroveneto also continued in strength, adding L15 to L4,400 on speculation that Crédit Agricole of France or Alleanza were interested in taking a stake in the bank.

Dealers reported foreign buying in the utility Italgas, which rose L58 to L3,534 with a heavy 1.6m shares traded.

Fiat rose L2 to L5,135 but slipped to L5,050 after hours, depressed by industry data showing that its share of the domestic car market fell to 43.5 per cent last month, compared to 46.9 per cent a year earlier.

AMSTERDAM was broadly mixed with the CBS Tendency Index barely changed: it gained 0.1 to 122.2. KLM's third quarter results, which showed a smaller-than-expected loss of Fl 8.6m, supported its shares. Having recorded a day's high of Fl 40.90 after opening at Fl 39.80 it closed just 90 cents lower Fl 39.60. One analyst did not expect the price to rise much above Fl 40 until there was clarification over the possible merger with British Airways.

Philips put on Fl 0.40 to Fl 31.00, although there was mixed feeling over its announcement on Wednesday that it was taking a 25 per cent stake in a US media group. Elsevier gained Fl 1 to Fl 107.20.

ZURICH rose on marginally lower than expected domestic inflation figures for 1991, the all-share SPI index ending 3.0 higher at 1,119.1. The inflation news helped bonds and bank shares in early trade.

CS Holding bearers, up SFr40 at SFr1,965, topped the active list. However, Gotthard Bank certificates lost SFr15 to SFr525 on better 1991 profits, an unchanged dividend and a 1-for-15 rights issue.

MADRID was flat, the general index ending down 0.81 at 256.61. The banking sector was weak on profit-taking while, in utilities, Endesa shed another Pta40 at Pta3,170.

STOCKHOLM's rally ended with the Affärsvärlden General index 9.5 lower at 968.8, on interest rate worries and Ericsson's announcement of 800 job cuts in the Stockholm area.

Volume eased from SKr587m to SKr502m. Ericsson was the most active stock, its B shares slipping SKr4 to SKr118.

OSLO fell in dull trading, the all-share index dropping 4.38 to 438.09. Hafslund, the healthcare group, saw its A shares lose NKr2 to NKr266 in spite of record profits, an increased dividend and plans to spin-off its shipping operations into an independent company.

FT-SE Eurotrack 100 - Feb 6

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1144.86	1144.28	1142.13	1139.75	1138.44	1136.89	1137.77	1138.76

Day's High 1145.00 Day's Low 1136.66

Feb 5	Feb 4	Feb 3	Jan 31	Jan 30
1136.71	1132.79	1134.04	1137.97	1131.87

Base value 1000 (26/10/90).

SOUTH AFRICA

A RALLY in gold and mining shares lead Johannesburg higher but trading was thin. Vaal Reefs added R6 to R231. The overall index rose 52 to 3,668 while the all-gold index added 29 to 1,299. The industrial index gained 38 to 4,469.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY FEBRUARY 5 1992								TUESDAY FEBRUARY 4 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	142.51	−0.7	116.89	113.32	117.66	127.20	+0.1	4.34	143.44	118.11	114.34	118.73	127.08	180.31	112.74	126.10
Austria (20)	178.82	+1.3	146.68	142.20	147.83	147.46	+1.0	1.96	176.44	145.29	140.64	146.04	145.99	222.37	153.88	193.20
Belgium (46)	143.26	+0.4	117.51	113.91	118.28	115.71	+0.1	5.09	142.67	117.48	113.71	118.08	115.58	151.20	118.04	142.02
Canada (115)	137.13	−0.2	112.48	109.04	113.20	117.07	−0.4	3.15	137.41	113.15	109.53	113.73	117.51	144.28	126.49	134.78
Denmark (36)	266.78	+0.5	218.82	212.14	220.25	223.51	+0.3	1.60	265.35	218.50	211.52	219.63	222.77	273.94	217.74	252.13
Finland (15)	88.44	+1.0	72.55	70.33	73.02	80.18	+0.5	3.04	87.54	72.08	69.78	72.46	79.79	125.15	73.32	101.91
France (108)	151.82	+0.7	124.53	120.72	125.33	128.89	+0.4	3.44	150.78	124.16	120.18	124.79	128.37	152.95	119.11	141.22
Germany (65)	120.59	+0.8	98.91	95.90	99.55	99.55	+0.5	2.32	119.68	98.55	95.41	99.06	99.06	125.35	94.15	117.07
Hong Kong (55)	193.87	+0.0	159.02	154.17	160.07	193.05	+0.0	3.93	193.89	159.65	154.54	160.48	193.05	193.89	119.62	135.66
Ireland (18)	171.42	+0.2	140.61	136.31	141.52	143.95	+0.0	3.55	171.00	140.81	136.31	141.53	143.89	182.46	132.88	152.99
Italy (77)	79.99	+1.4	65.61	63.60	66.03	71.39	+1.2	3.23	78.89	64.96	62.88	65.29	70.54	88.23	64.78	79.87
Japan (473)	127.44	+0.0	104.53	101.34	105.23	101.34	−0.3	0.84	127.48	104.97	101.61	105.52	101.61	146.97	118.23	136.23
Malaysia (68)	228.80	+0.2	187.51	181.77	188.72	229.83	+0.0	2.84	228.16	187.87	181.86	188.84	229.83	247.78	189.16	216.21
Mexico (18)	1519.37	−0.4	1246.25	1208.21	1254.39	5068.26	−0.5	1.03	1525.78	1256.38	1216.20	1262.85	5113.06	1532.07	534.45	580.06
Netherland (31)	153.92	+0.3	126.25	122.40	127.08	125.57	+0.0	4.30	153.39	126.30	122.26	126.96	125.52	155.74	125.70	137.86
New Zealand (14)	45.42	+0.1	37.25	36.12	37.50	44.59	+0.4	6.16	45.35	37.34	36.15	37.54	44.40	54.64	41.18	46.92
Norway (24)	183.76	+1.1	150.73	146.13	151.71	155.32	+0.7	1.68	181.83	149.72	144.94	150.50	154.19	223.24	157.06	200.64
Singapore (38)	224.62	+0.1	184.24	178.62	185.44	168.15	+0.0	2.07	224.48	184.84	178.93	185.79	168.15	228.43	151.63	179.60
South Africa (61)	248.28	+0.0	203.65	197.43	204.98	181.21	+0.6	2.74	248.37	204.51	197.97	205.56	180.07	271.99	173.00	189.72
Spain (52)	158.78	+0.5	130.24	126.27	131.09	120.47	+0.2	4.52	158.07	130.16	126.00	130.83	120.23	171.12	131.51	156.51
Sweden (25)	186.90	+2.0	153.31	148.63	154.31	159.86	+1.9	2.79	183.18	150.84	146.02	151.62	156.86	204.12	146.80	185.11
Switzerland (59)	102.04	+0.9	83.70	81.15	84.25	89.55	+0.5	2.24	101.15	83.29	80.63	83.73	89.11	103.50	82.17	96.04
United Kingdom (233)	183.66	+0.0	150.57	145.95	151.53	150.56	−0.3	4.93	183.47	151.06	146.23	151.84	151.06	187.44	156.27	175.10
USA (523)	169.03	+0.1	138.65	134.42	139.56	169.03	+0.1	2.88	168.93	139.10	134.66	139.63	168.93	171.66	125.95	145.01
Europe (809)	148.83	+0.5	122.08	118.35	122.88	123.15	+0.1	3.91	148.15	121.99	118.09	122.62	122.97	161.52	125.50	142.32
Nordic (100)	187.10	+1.2	153.46	148.78	154.47	152.78	+1.0	2.12	184.86	152.24	147.37	153.02	151.27	200.81	155.55	183.93
Pacific Basin (717)	129.78	+0.0	106.45	103.20	107.15	104.83	−0.2	1.17	129.84	106.92	103.50	107.47	104.87	145.92	117.86	135.49
Euro−Pacific (1526)	137.69	+0.2	112.94	109.49	113.67	112.75	−0.1	2.35	137.46	113.19	109.56	113.77	112.83	147.66	121.29	138.63
North America (638)	167.00	+0.0	136.98	132.82	137.90	165.50	+0.0	2.90	166.92	137.45	133.07	138.18	165.44	169.69	125.91	144.29
Europe Ex. UK (576)	127.72	+0.8	104.76	101.56	105.47	107.20	+0.5	3.17	126.75	104.37	101.05	104.93	106.68	129.80	103.58	122.29
Pacific Ex. Japan (244)	152.89	−0.2	125.41	121.60	126.24	137.44	+0.1	3.68	153.22	126.17	122.15	126.83	137.36	153.70	111.40	125.90
World Ex. US (1720)	139.74	+0.1	114.62	111.13	115.37	114.84	−0.1	2.37	139.53	114.89	111.23	115.49	114.92	148.16	122.32	139.26
World Ex. UK (2010)	145.24	+0.1	119.13	115.50	119.92	129.63	+0.0	2.29	145.06	119.45	115.63	120.07	129.61	150.58	120.06	136.71
World Ex. So. Af. (2182)	147.92	+0.1	121.33	117.64	122.14	131.17	+0.0	2.56	147.75	121.66	117.78	122.30	131.21	153.05	122.92	139.82
World Ex. Japan (1770)	161.13	+0.2	132.17	128.15	133.05	148.80	+0.1	3.28	160.85	132.45	128.23	133.16	146.67	161.90	126.69	143.52
The World Index (2243)	148.57	+0.1	121.86	118.15	122.67	131.62	+0.0	2.57	148.40	122.20	118.30	122.84	131.65	153.70	123.28	140.12

Latest prices were unavailable for this edition. Markets closed February 5: Hong Kong, Malaysia and Singapore.

FT LAW REPORTS

Mareva principles apply to shares

STANDARD CHARTERED BANK AND ANOTHER v WALKER AND ANOTHER
Chancery Division: Mr Justice Vinelott: December 18 1992

THE COURT has power in an extreme case to restrain a defendant shareholder from wilfully dissipating a company's assets or destroying security given by the company to creditors, by exercising his voting rights in such a way as to lead inevitably to its collapse.

Mr Justice Vinelott so held when granting an interlocutory application by Standard Chartered Bank (SCB) and TSB Bank plc, plaintiffs in separate actions against both defendants, Mr George Walker and Birdcage Walk Ltd, shareholders in Brent Walker Ltd, for injunctions restraining them from exercising their voting rights other than in favour of proposals for the reconstruction of Brent Walker.

HIS LORDSHIP said that an extraordinary general meeting of Brent Walker was due to take place at 10am the following day.

Mr Walker and Birdcage Walk, a Hong Kong company, were beneficial owners of substantial blocks of ordinary and preference shares in Brent Walker.

The preference shares carried votes on certain resolutions at the extraordinary general meeting equal to four-fifteenths of the votes on the ordinary shares.

The votes capable of being exercised at the extraordinary general meeting in respect of those shares amounted to between 5 per cent and 10 per cent of the votes capable of being cast at the extraordinary general meeting.

That percentage might be critical.

On the present application, SCB and TSB sought injunctions requiring the defendants to vote in favour of, or restraining them from voting against, resolutions to be proposed at that meeting.

The effect of the resolution if passed would be first, to confirm a proposal for reconstructing Brent Walker and its indebtedness; and second, to remove Mr Walker and a colleague, Mr Hemingway, from their offices as non-executive directors.

The banks proposed the reconstruction. Brent Walker's liabilities to the banks exceeded its likely realisable assets. They were not willing to go ahead with the reconstruction arrangements unless Mr Walker and Mr Hemingway were removed.

In the summer of 1990, 47 banks were owed about £850m. Brent Walker was not in a position to service the interest without an injection of money or a sale of assets.

In September 1990, £100m worth of bonds were offered to shareholders to provide the necessary funds to enable the company to survive.

It became apparent that Brent Walker's problems would not be solved by the bond issue alone and that bank facilities would have to be renegotiated.

Mr Walker entered into negotiations. The banks appointed SCB as their agent, and appointed a steering committee of eight banks.

In November 1990, a global facilities agreement provided for continuation of current banking facilities, which had increased to more than £1bn, until midnight December 31 1991.

The purpose of that agreement was to enable restructuring arrangements to be negotiated.

In the course of the negotiations, in May 1991, the steering committee removed Mr Walker from office as chief executive. He remained a director.

The banks were increasingly unwilling that he should remain a director and convened an extraordinary general meeting for July 1991 to consider resolutions for his removal, together with his wife and Mr Hemingway. The articles of association required a 75 per cent majority.

Mr Walker issued a writ to restrain SCB, the steering committee and TSB from giving instructions that any shareholding be voted in favour of his removal.

An application for an interlocutory injunction in those terms was dismissed by Mr Justice Morritt on July 1. Nonetheless, the resolution failed because the votes fell just short of the 75 per cent majority.

An appeal by Mr Walker was dismissed. It was apparently accepted by Mr Justice Morritt and by the Court of Appeal that if Mr Walker remained a director the restructuring proposals would almost certainly founder and the company would come to an end.

In the present application the court had further evidence supporting that view.

Lord Kindersely, the present chairman of Brent Walker, said in affidavit evidence that it took more than nine months for the restructuring proposals to be put together and approved by the banks.

The banks were not prepared to go ahead with the proposals unless 90 per cent of the bondholders agreed to support them. Undertakings by 90 per cent of the bondholders had now been obtained.

Lord Kindersley emphasised that the terms of the restructuring proposals must either be approved in their entirety or fail in their entirety at the extraordinary general meeting on December 19.

He referred to a letter to shareholders and bondholders of December 3, in which he stated that if the restructuring plan did not become effective Brent Walker would run out of funds and collapse would be inevitable; and that if it collapsed there would be no prospect of any payment to bondholders, convertible preference shareholders or ordinary shareholders.

That was supported by SCB's affidavit, where it was also said that if the restructuring proposals were not approved, Brent Walker would run out of money before any other proposals could be prepared, because the enlarged facility was repayable on January 9 1992.

The banks believed that if the restructuring arrangements were not approved, Brent Walker's collapse would be inevitable and the shares would be worthless.

Mr Burton for the banks submitted that the court had jurisdiction on the principles which underlay its power to grant Mareva relief, to grant an injunction restraining a defendant from doing something which would destroy his assets or greatly injure them to the detriment of a creditor, either because he had some ulterior motive for putting pressure on the creditor to agree a claim or because he was simply not rational in his conduct.

The jurisdiction was not limited to the case where a defendant sought to remove his assets to a place of safety or embarked on an uncharacteristically extravagant way of living.

Mr Oliver accepted that the jurisdiction existed though he submitted rightly that the court should hesitate long before interfering with a defendant's freedom to deal with his own property, unless satisfied that he was acting from some ulterior purpose.

It was only in an extreme case that the court would interfere by injunction with the exercise by a shareholder/debtor of the voting right attached to his own shares.

However, in the present case the banks had shown that a vote against the restructuring proposals would cross that boundary.

There was no reason to doubt Lord Kindersley's judgment that if the vote were not in favour of restructuring, it would be the end of the company and that the shareholders and bondholders would then have no prospect of receiving anything.

Opposing or in any way obstructing the reconstruction proposals would be so pointlessly harmful that, whatever motive inspired it, it would amount to the wilful dissipation of assets which the court had jurisdiction, consistently with Mareva principles, to prevent.

There was an added feature to the case. Each of the plaintiff banks had a charge on other shares which they were in a position to vote. The security they had over their shares would be destroyed along with any prospect of executing a judgment against shares beneficially-owned by the defendants.

Mr Oliver said that the proposition that a creditor with a security over shares should be entitled to prevent a defendant from voting shares over which he had no security, in order to preserve the value of the shares over which he had security, was extravagant.

It was not an extravagant proposition. The situation was that the shares over which the security existed could not be preserved except in a way which also preserved the other shares. The aim was to ensure that the debtor did not act in a way which was destructive of the security he had given to the creditor.

However that jurisdiction was described, whether it was waste or brought under some other head, courts of Equity did have power to restrain conduct which would destroy property over which a debtor had given a charge, in appropriate and rare circumstances.

Judgment for the banks.

For the banks: Michael Burton QC and Robin Dicker (Theodore Goddard).

For the defendants: David Oliver QC and Steven Gee (DJ Freeman).

Rachel Davies
Barrister